

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Study Session

September 3, 2013
6:00 p.m.

Council Conference Room
Bellevue, Washington

PRESENT: Mayor Lee, Deputy Mayor Robertson, and Councilmembers Balducci, Chelminiak, Davidson, Stokes and Wallace

ABSENT: None.

1. Executive Session

At 6:01 p.m., Deputy Mayor Robertson called the meeting to order and declared recess to Executive Session for approximately 30 minutes to discuss two items of potential litigation.

The meeting resumed at 6:56 p.m., with Mayor Lee presiding.

2. Study Session

- (a) Briefing on Results of 2014 Comprehensive Garbage, Recyclables, and Organic Waste Collection Contract Procurement Process

Councilmember Chelminiak recused himself from discussion of this item, noting that he is employed by Waste Management. While that company is not bidding on this contract and he does not have a conflict of interest, he prefers to recuse himself from participation to ensure the appearance of fairness. Mr. Chelminiak left the meeting room for the remainder of the Study Session.

Acting City Manager Brad Miyake opened staff's presentation regarding the 2014 comprehensive garbage, recyclables, and organic waste collection contract. The current contract expires in June 2014. The new contract has an initial term of seven years with an option to extend for an additional seven years. The contract totals \$18 million to \$20 million annually. Mr. Miyake said proposals were received from Republic Services, the current provider, and CleanScapes in response to the request for bids.

City Attorney Lori Riordan described the Process Integrity Guidelines contained within the request for proposals (RFP) which applies to the process for vendors bidding on City contracts. The purpose of the guidelines is to ensure fairness to all vendors seeking the contract. Vendors and their agents are prohibited from contact with City Councilmembers and with staff members conducting the evaluations for a blackout period.

Ms. Riordan said it was learned today that an email was sent to Councilmembers. She suggested that the Mayor ask Councilmembers to report whether they opened and read that email. In addition, she suggested that Councilmembers disclose any communications they may have had with any vendor, employee, agent or other party providing information on the potential vendors or services covered by the contract. Any disclosures should address the other party involved in the communication, date and general content, and whether the Councilmember feels he or she can base his or her decision on the information received through the City's RFP proposals and evaluations and not on the outside communications.

Responding to Mayor Lee, Councilmember Stokes said he received an email from KidsQuest Museum, who apparently is a subcontractor involved in the proposal for Republic Services. He also received an email from Cedar Grove, who he now understands is also a subcontractor. He said he read them hastily before leaving for tonight's meeting. He believes he can remain impartial with regard to discussing the proposals.

Councilmember Balducci said she received both emails described by Mr. Stokes and opened and read them. She responded briefly to the one from Cedar Grove to thank them for the information. She was not aware at that time that they were considered a subcontractor to Republic Services. She also received a voicemail from the same representative of Cedar Grove, and she exchanged phone calls with the director of KidsQuest. Neither of those contacts were substantive. They involved a desire to submit comments and a question about how to submit comments. Ms. Balducci said she is able to make a fair decision based on information received through appropriate channels.

Councilmember Wallace said he received the email from Cedar Grove. He has received a number of other communications from Cedar Grove in the form of personal discussions based on their business relationship with Wallace Properties. It has now come to his attention that they are a subcontractor subject to a blackout rule. Mr. Wallace recused himself from participating in the discussions. He said there have been a number of communications, which he feels badly about because he was not aware of the rules. He wants to be sure there are no issues about appearance of fairness. Mr. Wallace left the meeting room.

Councilmember Davidson said he did not open or read the email from Cedar Grove. He printed the email from KidsQuest but has not yet read it. He said that neither attempted contact will influence his decision. He did not realize that the entities were subcontractors.

Deputy Mayor Robertson said she received two emails from Cedar Grove, one with an attachment. She opened the emails on her phone but did not read them to any extent due to the difficulty of reading on the small device. She did not realize they were partners and prohibited from contacting Council. She received an email from KidsQuest and also did not realize that they were a partner. Ms. Robertson said she quickly skimmed the email and briefly responded on the process, essentially a two-sentence answer saying staff recommends and Council decides. Ms. Robertson said she believes she received an email reply thanking her. She said the communications have not and will not bias her decision on the solid waste and recycling contract.

Mayor Lee said he received emails from both organizations as discussed by other Councilmembers. He recalled that he responded to Cedar Grove to acknowledge receipt of the email. In addition to the email from KidsQuest, he also received a letter from the museum's representative earlier that day at the Rotary luncheon. Mr. Lee said the Council has engaged in extensive review, analysis, and discussions with staff on the proposals. He commented on the importance of this contract and the services it provides. He said he can be objective in making a decision.

Mr. Lee said this is a fair and open process. It is the responsibility of the vendors to ensure that their employees and subcontractors abide by the Process Integrity Guidelines.

Utilities Director Nav Ota recapped the process to date. On March 25, Council directed staff to structure the evaluation criteria to be 80 percent quantitative and 20 percent qualitative. The request for proposals (RFP) was issued in mid-April. Staff's evaluation shows that both vendors are capable of providing the identified services for Bellevue. Ms. Ota noted the scoring results for the two vendors, Republic Services and CleanScapes.

Toni Rezab, Assistant Finance Director, presented the quantitative findings. Both vendors would be profitable based on their bids, and both bids are higher than the current annual cost of \$17.3 million.

Lucy Liu, Assistant Director of Utilities, described the impact on the typical customer monthly bill under the current contract and the two proposed contracts.

Dan Stroh, Planning Director, reported on the qualitative evaluation. This team included Joyce Nichols, Director of Intergovernmental Affairs; Mike McCormick Huentelman, Neighborhood Outreach manager; and Nav Ota, Utilities Director. He said the quantitative and qualitative teams did not review or discuss each other's materials or analysis until each team finalized its conclusions.

Mr. Stroh said staff visited both bidders' facilities to observe their operations. The evaluation determined that both vendors could fulfill the contract in terms of customer service, contract implementation and compliance, operations, and sustainability (i.e., economic, social and environmental). Mr. Stroh said there was a recognition that Republic Services, as the current vendor, has a solid track record and would provide a smooth transition.

Ms. Ota noted the summary of staff's scoring and said the Council will make the final decision in selecting the vendor. Operations was a heavily weighted criteria and there was less than a half point difference between the two vendors. CleanScapes scored higher primarily due to its use of technology to optimize operations and reduce costs and its demonstration of route management.

In order to finalize the contract, Ms. Ota said Council direction is requested in three areas: 1) key service enhancements, 2) new service options, and 3) rate structure.

Ms. Otal described the potential key service enhancements identified in the presentation. Staff recommends implementing all of the enhancements. Staff is seeking final Council direction on the contract on September 9.

Mayor Lee commented on the relatively low cost difference of \$38,000 between the two vendors for the key service enhancements.

Councilmember Balducci concurred. Responding to Ms. Balducci, Ms. Otal confirmed that the customer rate difference based on the key enhancements is not noticeable .

Ms. Robertson agreed about the cost difference and said she would like to include all of the service enhancements.

Ms. Otal requested Council feedback on the new service options: 1) unlimited recycling for commercial customers, 2) in-city customer service center, and 3) commercial/multifamily organics collection (96-gallon weekly container embedded in garbage rate).

Mayor Lee commented that the City wants to encourage recycling and waste reduction. He believes it would be good to have all three services. Responding to Mr. Lee, Ms. Otal said the rate impact of these services is negligible within the context of a \$18 million contract.

Mayor Lee said the three new service options are consistent with the City's goals and values, and the cost is minimal.

Councilmember Stokes agreed regarding the importance of maximizing recycling within the community. As a ratepayer himself, he supports including the new services.

Deputy Mayor Robertson concurred and noted the ongoing goal to recycle items, including organics, as much as possible.

Ms. Otal said staff recommends maintaining the current rate structure, which minimizes rate impacts to all customers.

Ms. Balducci said it would be more meaningful to discuss that issue after the vendor is selected. She noted that the rate impacts differ between the two vendors. Ms. Otal said staff will bring back more information on rate structures next week.

Ms. Otal said the next steps are to finalize the contract with the vendor of choice this month, and to present the vendor-executed contract to the Council in early October for approval.

Councilmember Balducci questioned how staff determined that both vendors are able to perform and fulfill the contract.

Ms. Otal said Republic Services is the current provider with a proven track record. For CleanScapes, staff looked at their experience with customers in other jurisdictions. CleanScapes

serves approximately 60,000 residential customers and nearly all commercial customers in Seattle.

Mr. Stroh said staff conducted site visits of both companies and their fleets, and spent considerable time asking questions about operations and technology.

Councilmember Balducci asked how staff assessed the ability of CleanScapes to ramp up to serve a new large customer like Bellevue.

Mr. Stroh said the evaluation team looked at the company's staffing and transition plan, spoke with senior management, and reviewed their operations in Seattle. Staff also discussed new contract items with Republic Services and determined they are capable of meeting the contract.

Ms. Balducci said that Republic Services has not been making a profit under the \$17.3 million annual contract. She questioned whether it is realistic that CleanScapes could make the capital investments and provide more services for \$17.9 million the first year.

Ms. Otal said the financial information recently provided by the current vendor shows a profit.

Ms. Liu said the City asked for a one-year financial projection and does not have information beyond that timeframe.

Ms. Balducci said she does not believe there is sufficient information tonight to be able to make a decision.

Ms. Rezab said there are no indications that CleanScapes could not provide the services.

Councilmember Balducci questioned how the City is protected from a vendor being unable to provide the services and/or requesting a rate increase. Ms. Liu said the rates are set and include an inflationary factor. She said a performance bond is required for the contract, which provides some assurance about the contract.

Ms. Otal said there are two elements. One is an inflationary increase on the collection portion, and the other is a pass-through of any disposal costs. The inflationary increase in the new contract has been changed from 70 percent to 100 percent of CPI.

In further response to Ms. Balducci, Ms. Otal said staff will provide additional information next week regarding the performance bond and termination provisions.

Ms. Balducci questioned the higher bid from Republic Services. Ms. Liu said this relates primarily to insurance costs and the amounts the vendors expect to make from recyclables.

Responding to Ms. Balducci, Ms. Liu confirmed that Republic Services' rates include a charge based on the fee anticipated by the City if recycling targets are not met. Ms. Balducci thanked staff for their thorough work on this issue.

Responding to Mayor Lee, Ms. Otal confirmed that the financial analysis of estimated contract costs is based on one year.

Deputy Mayor Robertson thanked staff for their hard work. Responding to her, Ms. Otal said staff has not received any information from either vendor that disputes staff's analysis, based on either facts or conclusions.

(b) Reviewing Draft Recruitment Brochure for City Manager

Mayor Lee noted that it was almost time for the Regular Session to begin.

Responding to the Mayor, City Clerk Myrna Basich said it would be helpful to receive Council direction on the City Manager recruitment brochure that night.

Mayor Lee said the Council would address it during Agenda Item 6, Council Business.

At 7:57 p.m., Mayor Lee declared recess to the Regular Session.

Myrna L. Basich, MMC
City Clerk

/kaw

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Regular Session

September 3, 2013
8:00 p.m.

Council Chamber
Bellevue, Washington

PRESENT: Mayor Lee, Deputy Mayor Robertson, and Councilmembers Balducci, Chelminiak¹, Davidson, Stokes and Wallace

ABSENT: None.

1. Call to Order

The meeting was called to order at 8:02 p.m., with Mayor Lee presiding.

2. Roll Call, Flag Salute

Upon roll call, all Councilmembers were present [Deputy Mayor Robertson was briefly away from the dais.].

Mayor Lee led the flag salute.

3. Communications: Written and Oral

- (a) Mark Van Hollebeke said he is a member of the Parks and Community Services Board and a founding member of the Old Bellevue Neighborhood Association. However, he was speaking as an individual regarding the renewal of the solid waste contract. He described his positive interactions with Republic Services over the years and expressed support for renewing their contract. He said they are eager to expand organics and other recycling to multifamily units, and they have reached out to the Parks Board in the past. He believes they are a good community partner for the City.
- (b) Gretchen Dill noted that she is a member of the West Bellevue Community Club Board, but said she was speaking as an individual. She distributed a handout including a photo of young men smoking a hookah and asked the Council to ban smoking in Bellevue parks. She noted the negative health effects and reported on her research indicating that many cities and states across the country ban smoking in parks and on beaches. She read a list of Washington cities that ban smoking in public parks.

¹ Councilmember Chelminiak left the meeting at 9:38 p.m.

- (c) Kenneth Marshall introduced himself as the Vice President and business representative for Republic Services, CleanScapes, and Cedar Grove. He said the contract contains no language about prevailing wage. He expressed concern regarding the potential for a reduction of \$8.51 in the hourly wage for sanitation workers. He said employees would lose their vacation time accruals if they are in the position of starting over with a new company. There is also the potential for starting over with a three-month gap in health care coverage with a new employer.
- (d) Renay Bennett, President of the Bellecrest Neighborhood Association, presented concerns about the recently appointed Light Rail Permitting Citizen Advisory Committee (CAC). She described criteria from the Light Rail Overlay for selecting CAC members and said she believes two appointed members are in violation of the criteria. She said one of the individuals owns property to be condemned as part of the project, and the other was recently employed by two organizations directly financed by and affiliated with Sound Transit. Ms. Bennett asserted that staff failed to evaluate the applications for potential conflicts of interest. She asked that the two individuals be withdrawn from the CAC appointments. Ms. Bennett submitted her comments in writing [via email submitted to staff prior to Council meeting].

Responding to Mayor Lee, Acting City Manager Brad Miyake said he is investigating the allegations and the process used to identify CAC candidates.

- (e) Betsy Blackstock, representing the Surrey Downs Community Club Board, followed up on Ms. Bennett's comments and expressed concern about the recent CAC appointments. She said the Surrey Downs community had been told that one of their residents should not apply because his property abuts the alignment. She said another applicant is identified as a resident of Surrey Downs but he actually lives in Enatai. Ms. Blackstock said that six of 60 applicants were Surrey Downs residents. The neighborhood will be significantly affected by the light rail transit project and has no representation on the CAC. Ms. Blackstock requested reconsideration of the CAC appointments and that a Surrey Downs resident be appointed to the CAC.
- (f) Michael Muth, a driver for Republic Services, said he recently reached his 10-year anniversary with the company and many drivers have been there much longer. He expressed concern about the negative impacts if the City chooses a different garbage and recycling services provider. He said these long-term drivers are familiar with the community, including schools and bus stops, and provide good service. He thanked Councilmembers for their consideration.
- (g) Alfred Slatin, a Vuemont resident, complimented City staff (i.e., Police, Fire, Utilities and Parks Departments) for their activities since the area was annexed. Mr. Slatin said he has lived in eight homes in his life, and Republic Services is the best garbage and recycling collection service he has experienced. They are never late, never leave garbage on the street, and are always very polite and sociable. He urged the City to retain what it

has and what is known.

- (h) Thomas Wray said he is the business representative of Teamsters Local 117 representing yard waste and recycle drivers at Republic Services. He expressed concern that the contract documents do not address job security. If the City chooses to not negotiate a contract renewal with Republic Services, all of the drivers could lose their jobs.

Mayor Lee indicated that the allowed number of speakers for any one side of an issue has been reached with regard to Republic Services. Responding to a woman in the audience, Mayor Lee said she may comment on the contract but not on the merits of that vendor. She chose not to speak.

Mayor Lee said additional oral communications are scheduled toward the end of the meeting agenda.

- (i) Sam Bellomio, StandUP-America, expressed concern about the earlier testimony regarding the Light Rail CAC appointments. He believes the Council, not staff, is responsible for any errors that occurred. He expressed concern that citizens are not allowed to speak at King County Council meetings, except for once per year. He spoke about the importance of freedom of speech.
- (j) Alex Zimmerman opined that what he has seen in Bellevue for 25 years is no different than Communist China or Nazi Germany. He characterized politicians as crooks and mafia, and expressed concern that citizens cannot speak at King County Council meetings. He said Councilmembers are not representing the citizens.

4. Reports of Community Council, Boards and Commissions: None.

5. Report of the City Manager

- (a) Business and Occupation Tax Simplification Update

Acting City Manager Brad Miyake referred the Council to page 5-1 of the meeting packet for information on the Business and Occupation (B&O) Tax simplification efforts.

Finance Director Jan Hawn provided an update on the Multi-City Business License and Tax Portal project and the City's square footage tax. The multi-city team is working with the vendor to design the portal system, which will allow taxpayers to apply for business licenses and to file and pay taxes owed for multiple cities from one online location.

The project Steering Committee is working with legal representatives from the five cities to draft an interlocal agreement (ILA) that will form and guide the entity managing the ongoing portal operations. Ms. Hawn said an open house for the portal project is scheduled for September 11 in Seattle.

With regard to the square footage tax simplification, Ms. Hawn recalled that the Council approved a minor Code change in December 2012 and directed staff to continue working with the business community to simplify and streamline the tax. Staff will continue to work with the business community in September and will return to the Council in the fall with an analysis of the options. The goal is to adopt the proposed Tax Code changes to be effective January 1, 2014.

Mayor Lee spoke in support of the projects focused on streamlining operations and enhancing efficiencies for both cities and businesses.

Councilmember Davidson expressed support for the portal project, which was initiated in response to the State's proposal to take over the administration of the B&O Tax.

Deputy Mayor Robertson thanked staff for the update. She is glad that the portal project is going well, and she thanked staff for their diligent outreach regarding the B&O square footage tax simplification. She noted that Bellevue has a relatively high threshold which enables many small businesses to avoid the tax. However, for those paying the B&O tax, it should be simple and straightforward.

Moving on, Mr. Miyake highlighted items on the Consent Calendar. Item 8(e) authorizes the implementation of a customer request and management mobile application, which will enable citizens to use cell phones and other devices to request information, report issues, and connect with the City regarding services.

Mayor Lee said this project demonstrates the City's ongoing efforts to improve services for the community through the use of technology.

Mr. Miyake said Item 8(f) extends the Commute Trip Reduction program. He noted that the rate of drive-alone commute vehicles to work sites in Bellevue has declined by 6.5 percent over the past 10 years.

Mr. Miyake highlighted Item 8(g), which amends the 2013-2024 Transportation Facilities Plan (TFP) to include a new project on Newport Way SE from Somerset Boulevard to 150th Avenue SE. This responds to strong community interest and Council direction to include this in the TFP, which will position it for future funding in the Capital Investment Program (CIP) Plan.

Responding to Mayor Lee, Mr. Miyake said the City received an email from Renay Bennett earlier in the day regarding the Light Rail Citizen Advisory Committee (CAC). Staff will prepare a response regarding the process for the next week's meeting.

Mayor Lee spoke to the important role of the Light Rail CAC and said Council will review the selection process. He said the Council will make the appropriate adjustments when necessary. Mr. Lee said the Council understands that residents are greatly affected by the project and want to participate in continued planning. Mayor Lee said the Council will make things right with the CAC.

Councilmember Stokes said there was no desire or attempt to manipulate the CAC selection process by anyone on the Council or staff. He reiterated that the Council and City Manager are aware of residents' concerns and investigating the matter.

Mayor Lee provided background information on the selection of the Light Rail CAC. He said more than 60 people applied for the committee, and it was a challenging process to work through the applicants and reach a Council consensus. He said he is committed to clearing up the confusion and ensuring that appropriate committee members are involved.

6. Council Business and New Initiatives

Councilmember Balducci thanked the sanitation workers and drivers in the audience for the services they provide to the community.

Ms. Balducci reported that there were a number of regional meetings during the August recess regarding the potential for a statewide transportation funding package. She attended one of those meetings, held for elected officials, on behalf of the Mayor.

Councilmember Stokes commented on two things that occurred during the Council's August recess. Noting the 50th anniversary on August 28 of the 1963 March on Washington, Mr. Stokes said he was a student at George Washington University at that time and attended the event. He believes Bellevue embraces that vision and works to ensure opportunities for every child and every citizen. Mr. Stokes noted the untimely death of Bill Henningsgaard and remembered him as a great supporter of education and co-founder of the Eastside Pathways program. Mr. Henningsgaard's son, Max, also died in the plane crash.

Councilmember Wallace said he appreciated Mr. Stokes' comments on Mr. Henningsgaard and his son. The loss of these two individuals will have a great impact on the community.

Mr. Wallace reported that he attended the open house for the Lakemont Boulevard traffic signal project.

Councilmember Chelminiak said he and the City Manager attended a meeting and visit to the Spiritwood neighborhood regarding the multi-room rental issue. He encouraged other Councilmembers to visit as well.

Councilmember Davidson attended a Board meeting of the Municipal Water Pollution Abatement Advisory Committee (MWPAAC). He said he also wanted to comment on the Light Rail Permitting CAC. He referred to a map showing where every member lives. Three are south of I-90 and only two are fairly close to stations. He thought the idea was that the committee would be composed primarily of individuals nearest to the line and stations to help design the project for neighborhood appeal and compatibility.

Dr. Davidson asked that the Council reconsider the CAC and the goals and rationale for the appointments. He said he is not convinced that the current CAC appointments meet the intent of

the Light Rail Best Practices Report.

Deputy Mayor Robertson reported that she attended the Flavors of India Festival to read a proclamation declaring August 31 as India Day in Bellevue. She attended a safety and preparedness community event sponsored by the Newport High School Key Club.

Ms. Robertson noted that the Newport Hills Shopping Center has been struggling to revitalize its presence in the community. She has spoken with City staff, who are working with those businesses to develop a plan. Ms. Robertson asked the City Manager to provide an update on neighborhood shopping centers within the context of upcoming discussions about the land use work plan.

Ms. Robertson commented on the Light Rail Permitting CAC appointments. She noted that additional CACs will be created to set the land use around stations. However, this committee has a different purpose. She recalled that five of the six Councilmembers present for the August 5 Council meeting received the list 15 minutes before the meeting. She participated via speakerphone and therefore had not received the final list. During the meeting, she asked the Mayor to read the list of names before a vote was taken.

Ms. Robertson said the Land Use Code adopted by the Council [Section 20.25.M] provides criteria for selecting the Light Rail Permitting CAC. This required an extra level of screening of the applicants prior to appointment. She said the process was somewhat rushed before the Council's August recess. However, it is important to ensure that the CAC represents the qualifications reflected in the Land Use Code.

Ms. Robertson said staff is currently working on this issue. However, by Robert's Rules and Council procedures, if the Council is to reconsider the vote, a motion must be presented tonight. She suggested that additional screening be conducted before finalizing the CAC appointments.

→ Deputy Mayor Robertson moved to reconsider the Council's previous action appointing the Light Rail Permitting CAC. Councilmember Wallace seconded the motion.

Ms. Robertson said it is important to complete additional screening and to have more information on the applicants.

Mr. Stokes said he would rather not reopen and reconsider the entire list. He is trusting that this is a necessary procedural matter, however. He suggested there could be additional individuals who participate as a subcommittee of the CAC to address specific neighborhood issues.

Councilmember Wallace expressed support for the motion. He believes he made a mistake in not carefully reviewing the list of proposed CAC members, which he received 15 minutes prior to the meeting. He acknowledged that the CAC does not have any community leaders representing the Enatai, Surrey Downs or Lake Bellevue neighborhoods, which will suffer the brunt of the impacts. He supports the reconsideration to remedy the situation. Mr. Wallace would like representatives from these neighborhoods to be appointed to the committee.

Responding to Councilmember Balducci, Ms. Robertson said the motion to reconsider nullifies the previous vote approving the list.

Ms. Balducci expressed concern about the potential for removing and replacing specific members only. She does not want to reconsider the entire list. She said the task for this CAC requires specific technical expertise to address the permitting issues.

Responding to Councilmember Chelminiak, Deputy City Attorney Kate Berens said the criteria for selecting the CAC members is included in the Land Use Code Amendment adopted by the Council in the form of the Light Rail Overlay. She confirmed that the criteria does not dictate representatives from particular neighborhoods.

Councilmember Chelminiak said assertions have been made that two CAC appointees potentially have conflicts of interest. He would prefer to remove those two individuals if they are found to be inappropriate according to the Code's criteria. He noted that all or most Councilmembers submitted possible candidates for the CAC. Overall, he feels the CAC has a good breadth of technical expertise. He does not necessarily want to throw out the whole CAC list and start over.

Councilmember Davidson said he is open to Councilmember Stokes' suggestion about using an overall committee as well as smaller groups focused on particular stations.

Mayor Lee said he was responsible for making the recommendations based on consultations with staff and Councilmembers. If the two members referenced are found to have conflicts, he supports replacing them. He suggested reviewing the list of appointees to determine consistency with the Code criteria. He would prefer to not start the whole process over.

Councilmember Stokes observed that there is general Council support for not reopening the whole process. Also, for the record, he wanted to note that the Light Rail Overlay was supported by a unanimous vote of the Council. He suggested replacing individuals if needed, but he wants to move forward.

Councilmember Chelminiak noted that approval of the motion to reconsider leaves no CAC in place for now.

- The motion to reconsider carried by a vote of 7-0.
- Deputy Mayor Robertson moved to postpone the appointment of the Light Rail Permitting Citizen Advisory Committee (CAC) until after the completion of the screening process. Councilmember Wallace seconded the motion.

Responding to Mayor Lee, Mike Brennan, Director of the Development Services Department (DSD), said staff will work hard to vet the CAC members before next week's meeting. However, additional time might be needed.

→ The motion carried by a vote of 7-0.

Deputy Mayor Robertson said the Council was not able to discuss the City Manager recruitment brochure during the earlier Study Session.

City Clerk Myrna Basich said it would be helpful to have Council direction tonight in order to maintain the recruitment schedule.

Councilmember Balducci said the brochure reads like a first draft and presents a potentially negative impression about the City Manager position. Ms. Basich suggested deferring the discussion until the next week if there are substantive comments and suggestions. Mayor Lee concurred with deferring action on the brochure. He asked the Council to submit comments and feedback to Ms. Basich.

Ms. Robertson requested an editable electronic file of the current version of the brochure.

Ms. Balducci said she would like a solid second draft before considering electronic editing.

[Councilmember Wallace was away from the dais from approximately 9:30 p.m. to 9:40 p.m.]

Councilmember Chelminiak said he had a family medical matter to attend to and left the meeting at 9:38 p.m.

Mayor Lee said he attended a convention of the National Association of Women in Construction, the Dharma and Yoga Fest at Bellevue College, and a Buddhist convention at Meydenbauer Center.

Mayor Lee announced that the Ambassador of India will be visiting Bellevue soon.

7. Approval of the Agenda

→ Deputy Mayor Robertson moved to approve the agenda, and Councilmember Stokes seconded the motion.

→ The motion to approve the agenda carried by a vote of 6-0.

8. Consent Calendar

→ Deputy Mayor Robertson moved to approve the Consent Calendar, with the August 5 Regular Session minutes amended as presented in the desk packet. Councilmember Stokes seconded the motion.

→ The motion to approve the Consent Calendar, as amended, carried by a vote of 6-0, and the following items were approved:

- (a) Minutes of July 15, 2013 Study Session
Minutes of July 15, 2013 Regular Session
Minutes of July 22, 2013 Extended Study Session
Minutes of August 5, 2013 Study Session
Minutes of August 5, 2013 Regular Session [Amended]
- (b) Ordinance No. 6122 authorizing and providing for the acquisition of interests in land for the purpose of completing the NE 15th Street (Zone 1) Project and implementing the City and Sound Transit Memorandum of Understanding related to the East Link light rail project; providing for condemnation, appropriation, and taking of land and property rights necessary therefore; providing for payment; directing the initiation of appropriate proceedings in the manner provided by law for said condemnation; and establishing an effective date.
- (c) Resolution No. 8621 authorizing the execution of a two-year extension to the professional services agreement with The Gordian Group, for the continued consulting support of the City's Job Order Contracting (JOC) program.
- (d) Ordinance No. 6123 authorizing execution of an Interlocal Agreement with the City of North Bend and King County Fire District No. 38 to provide quarters for Bellevue Medic Three; amending the 2013-2014 General Fund Budget to increase the appropriation by \$250,000; and authorizing expenditures of said grant funds.
- (e) Resolution No. 8622 authorizing execution of a three-year Technical Services Agreement with PublicStuff, Inc., in an amount not to exceed \$92,737, for implementation of hosted service for a Customer Request and Management Application.
- (f) Ordinance No. 6124 authorizing execution of a time extension through 2015 for the 2008-2011 Commute Trip Reduction (CTR) Plan with no other changes to the plan; 2) authorizing execution of a Local Agency Agreement (and supplements if necessary) with the Washington State Department of Transportation (WSDOT) for receipt of 2013-2015 state funds in the amount of \$204,946, to support the City's CTR program; 3) amending the 2013-2014 Operating Grants, Donations and Special Reserves Fund appropriation in the amount of \$204,946; 4) authorizing expenditures of said funds; 5) authorizing execution of an Interlocal Agreement (and supplements if necessary) with King County Metro, in an amount up to \$234,933, for Commute Trip Reduction services at CTR-affected employer worksite and for services at Transportation Management Program (TMP) affected building sites; and 6) appropriating unanticipated and future revenues to that fund.
- (g) Resolution No. 8623 authorizing an amendment to the adopted 2013-2024 Transportation Facilities Plan to include a new project on Newport Way SE from Somerset Boulevard to 150th Avenue SE.

9. Public Hearings: None.

10. Land Use: None.

11. Other Ordinances, Resolutions and Motions: None.

12. Unfinished Business: None.

13. Continued Oral Communications

- (a) Gretchen Dill said it is difficult to hear the discussion when seated in the audience. She commended Councilmember Wallace for saying that members of three key neighborhoods should be represented on the Light Rail CAC. She does not live in any of the areas, but those residents are the most directly affected by the project.
- (b) Norma Slatin, a Vuemont resident, said she sees no reason to replace Republic Services as the solid waste collection provider. She cautioned that you generally get what you pay for, and she commended their strong customer service, safety record, and the manner in which they work within the community.
- (c) Sam Bellomio gave Councilmember Davidson credit for acknowledging that the Light Rail CAC members are not adjacent to the light rail alignment. He said that his reason for staying tonight was to request a Town Hall type meeting on a quarterly basis to invite the community to create a dialogue. He thanked the Council for the opportunity to speak a second time tonight.
- (d) Alex Zimmerman noted that the City is currently looking for a new City Manager. He would like the City Manager to hold monthly question and answer sessions with the community.
- (e) Paula Revere said she has evidence and true information on the financial crash and what she considers to be a series of false recessions. During this same time period, the media became a monopoly and information became suppressed. She expressed concerns about freedom of speech and freedom of the press.
- (f) Joe Pham, representing the Monthaven Neighborhood Association, thanked the Council for direction to add the Newport Way sidewalk project to the Transportation Facilities Plan. He encouraged the identification of funding sources to move the project forward. He then commented on the solid waste contract and spoke in favor of CleanScapes.

Councilmember Stokes apologized that the volume in the Council Chamber is not louder. He stated that the Council wants neighborhoods involved in discussions about the light rail project. He said he appreciates Councilmember Wallace's mention of the three most affected neighborhoods (Enatai, Surrey Downs, Lake Bellevue). He noted that residents of those

neighborhoods have been involved in the planning up to this point.

14. New Business: None.

15. Executive Session: None.

16. Adjournment

At 9:58 p.m., Mayor Lee declared the meeting adjourned.

Myrna L. Basich, MMC
City Clerk

/kaw

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Extended Study Session

September 9, 2013
6:00 p.m.

Council Chambers
Bellevue, Washington

PRESENT: Mayor Lee, Deputy Mayor Robertson¹ and Councilmembers Balducci, Chelminiak, Davidson, Stokes, and Wallace²

ABSENT: None.

1. Executive Session

At 6:01 p.m., Deputy Mayor Robertson called the meeting to order and declared recess to Executive Session for approximately 20 minutes to discuss one item of pending litigation.

The meeting resumed at 6:24 p.m., with Mayor Lee presiding.

2. Oral Communications

Mayor Lee acknowledged that many in the audience were interested in the solid waste contract [Agenda Item 3(b)]. He explained that the City's choice of a vendor is the result of an open and transparent contract solicitation process. This includes strict rules that the vendors and agents must follow which prevent communications that are not part of the evaluation process. Mayor Lee said the public, however, is allowed to comment on the vendors.

Mayor Lee highlighted Agenda Item 4(a) involving an application by Kelsey Creek Center to expand the allowed uses. He said this is a quasi-judicial land use matter for the Council, and the opportunity to comment occurred as part of a formal hearing before the Hearing Examiner. The Council is prohibited from receiving public comment on this item during tonight's meeting.

- (a) Mike Nesteroff spoke regarding the solid waste contract. He said his understanding is that Republic Services is currently losing money on its \$17.3 million contract with the City. He questioned how another vendor could make a profit with a \$17.9 million contract, especially given the capital investments that would be required. He questioned whether the bid for \$17.9 million is realistic and how rates could be lower given an increase in the overall contract amount. He cautioned against entering into a contract that might not pan

¹ Deputy Mayor Robertson left the meeting at 10:17 p.m.

² Councilmember Wallace left the meeting at 10:17 p.m.

out as proposed. He said the Bellevue contract would be larger than any of CleanScapes' current contracts.

- (b) Vic Bishop, representing the Eastside Transportation Association, spoke to the importance of fully funding I-405 improvements. He noted the benefits of neighborhood protection, enhanced Downtown access, and ensuring that the I-405 corridor remains the economic engine of the state. He said the Bellevue to Renton phase needs full funding of \$1.3 billion. The I-405 plan has been underfunded by the last two gas tax increases. Mr. Bishop submitted his comments in writing.
- (c) Andrew Harman spoke on behalf of Provail, a nonprofit organization that provides employment services for people with disabilities. He said the City of Seattle created 50 positions last year for individuals with disabilities, and he encouraged Bellevue to consider a similar program. Mr. Harman submitted written information on the employers and employees served by Provail.
- (d) Kurt Boehl said he is an attorney representing businesses seeking licenses to operate retail marijuana outlets in Bellevue. He said the State Liquor Board anticipates adopting formal rules by mid-October. He encouraged the Council's thoughtful consideration of the guidelines. He said the retail stores will be professionally operated in the same manner as liquor stores. Mr. Boehl said he understands the importance of making stores appropriate for Bellevue, and he would like to work with the City for a successful implementation. He submitted his comments in writing.
- (e) Paul Lwali commended Republic Services' 30-year partnership with the community. He said they have worked well with the YMCA and taught the community a great deal about recycling and the environment. As a Bellevue resident, he knows that Republic Services is familiar with serving this community.
- (f) Nanette Fricke, speaking on behalf of Spiritwood residents, thanked Councilmembers and staff who have been working to address concerns regarding the multifamily housing model being adopted in their single-family neighborhood. She reported that one house has filled up with six renters and cars. She is pleased that City staff is proposing an emergency ordinance. She said the City Manager, Councilmembers, and Council candidates have toured the area to discuss the issue. She thanked everyone for their interest and concern.
- (g) Steven Fricke thanked the City for the time given to address the multi-room rental issue. He said the definition of family could be more specific, and there are several court cases addressing this issue. He is willing to discuss all of these cases if staff and/or Councilmembers have an interest. He said the Craigslist ads for these rooms are renting bedrooms and are clearly not renting the rooms to operate as a single household. While residents and the City have differences of opinion about the ability to enforce the Code, the residents want to continue to work together. He said the City of Auburn is having a similar problem in the vicinity of the Green River Community College. On September 3,

2013, City of Auburn staff recommended approving their Ordinance No. 6477 in an expedited manner. That legislation addresses the definition of family and uses the term communal dwellings instead of boarding houses. Mr. Fricke said that residents and their attorney want to continue to work with City. He thanked the City for considering the proposed emergency ordinance.

Councilmember Wallace asked the City Manager to provide more information on the City of Auburn's handling of the home rental issue.

- (h) Susan Rakow Anderson said she was recently appointed to the new Light Rail Permitting Citizens Advisory Committee (CAC), and she learned from a reporter that there are concerns about her appointment. She worked at an engineering consultant firm for 30 years and retired earlier this year. She spent the past 10 years managing the design and permitting of large transportation projects for many clients including the City of Seattle, King County, and Sound Transit. She has no conflict of interest with any past clients and stated this on her CAC application. She has lived in Bellevue for more than 28 years, is a regular transit rider along Bellevue Way, and her family hikes and canoes in the Mercer Slough Park. She looks forward to serving the Council and the community on the committee.
- (i) John Su, John Su Development, commented on the solid waste contract. He said the cost of services is very important for Downtown buildings, and he noted that his company's costs increased at a rate higher than inflation over the past year. He would like the new contract to include the collection of kitchen/food waste. He encouraged the Council to consider the evaluation criteria in making its decision.

Mayor Lee invited Mr. Su to submit his comments in writing.

- (j) Pat Callahan, CEO of the Urban Renaissance Group, encouraged moving forward with implementing the Eastgate plan and rezone, including redevelopment of the Lincoln Executive Center and increasing the density of development in the area.
- (k) Ray White, Bellevue College Vice President of Administrative Services, said the College is ready to build housing for its students. He believes the Lincoln Executive Center site provides opportunities for this development, and he encouraged moving forward as soon as possible.
- (l) Jack McCullough, a land use attorney, recalled his group's past work with the Eastgate/I-90 Citizen Advisory Committee (CAC) in 2010-2011. He noted that Deputy Mayor Robertson and Councilmember Stokes participated on that committee, which presented its report to the Council in early 2012. He said Beacon is prepared to expend its resources to move forward with redevelopment. Mr. McCullough referred to page 3-30 of the meeting packet, which identifies the Eastgate/I-90 plan as an emerging issue with regard to the Comprehensive Plan update. He encouraged the Council to expedite work on this item within the Planning Commission and City staff work program.

- (m) Allison Love Mardini, an East Lake Hills resident, said she recently learned about the home rental issue in Spiritwood. She said there is a similar problem in her neighborhood with homes being rented to multiple unrelated people. One house has 11 cars on a regular basis, and activities include auto repair and the dumping of oil into the ground. Residents have complained to City staff and were advised to speak to the Council. Ms. Mardini said residents are concerned because this is damaging property market values while tax assessments are increasing significantly. She agrees with the earlier speaker who said that “family” needs to be better defined in the City Code. She said the renters are literally sleeping in shifts and being exploited by the landlords. She works with undocumented workers and understands how it works. Ms. Mardini said the City of Seattle has started a rental registration with inspections for safety and sanitary conditions to restrict this practice. She noted that her father was Melvin Love, the second mayor of Bellevue.
- (n) Dale King, GLY Construction, spoke to the solid waste contract. He said it is important to look not only at cost, but also at how a service provider conducts business and works with the community. He said Republic Services is a community leader and has provided great service to his company.
- (o) Chris Peters expressed concern regarding rental homes with more than six unrelated individuals. One home is a few doors down from his, and the quality of life in the neighborhood is already suffering. He said there have been calls to the Bellevue Police for loud noise between 11:00 p.m. and 3:00 a.m., and there are numerous vehicles. He is concerned about the impact on property values.

3. Study Session

(a) Council Business and New Initiatives

(1) Arts Commission Appointments

Councilmember Balducci said there are two vacancies on the Arts Commission. She recommended appointing Hugo Ludena, a photographer who has been involved in mentoring programs and regional arts, and Philip Malkin, who works for Puget Sound Energy (PSE) as the manager of creative services and corporate communications.

→ Councilmember Balducci moved to appoint Hugo Ludena and Philip Malkin to the Arts Commission. Deputy Mayor Robertson seconded the motion.

→ The motion carried by a vote of 7-0.

Mayor Lee thanked the Arts Commission and other volunteers for their service to the City. He said he appreciated earlier comments by Susan Rakow Anderson regarding her appointment to the Light Rail CAC. Mayor Lee said he will ensure that the misunderstanding is clarified.

Deputy Mayor Robertson said she is representing the City of Bellevue on the Sister Cities trip to the Czech Republic and Latvia. She requested that the Council formally excuse her absence for the September 16 and September 23 meetings.

- Councilmember Stokes moved to excuse Deputy Mayor Robertson's absence from regular meetings of the City Council for September 16 and Sept 23. Councilmember Wallace seconded the motion.
- The motion carried by a vote of 7-0.

(2) Review of Draft Recruitment Brochure for City Manager Position

Deputy Mayor Robertson suggested reorganizing the agenda to move discussion of the City Manager recruitment brochure toward the end of the meeting.

- Councilmember Wallace moved to amend the agenda to reorder this item to occur following the planning work program discussion. Ms. Robertson seconded the motion.
- The motion carried by a vote of 7-0.

(b) Solid Waste Collection Contract Vendor Selection

Councilmember Chelminiak recused himself from the discussion and decision on the solid waste collection contract vendor. While he works for another vendor that did not submit a proposal, he prefers to not participate to ensure the appearance of fairness.

Councilmember Wallace recused himself as well, noting his explanation offered during the previous week's meeting. Both Councilmembers left the room.

Acting City Manager Brad Miyake recalled that staff presented information on the solid waste collection contract on September 3, at which time the Council provided direction to staff on a number of items. Staff is now seeking direction on additional items as well as the selection of the vendor.

Utilities Director Nav Otal said staff is seeking Council direction to finalize the 2014 solid waste collection contract and select a vendor. On September 3, the Council provided direction in support of available key service enhancements and in favor of new service options (i.e., unlimited recycling for commercial customers, commercial and multifamily organics recycling).

Ms. Otal said staff is seeking direction on the rate structure and on whether organics collection should be embedded in the garbage rate or a separate fee. She compared the benefits and disadvantages of an embedded rate versus a separate fee. An embedded rate shares the cost among all users and encourages greater participation. Ms. Otal said that staff recommends embedding the cost of a base level of organics recycling into the commercial and multifamily garbage rates to promote participation and increase diversion.

Deputy Mayor Robertson expressed support for embedding the cost of a base level of organics service (weekly 96-gallon cart) into the commercial and multifamily garbage rates. She believes this is a fair threshold and noted that customers generating large quantities of organics can contract separately for additional collections. She said this is more cost-effective overall and will encourage greater participation.

Responding to Councilmember Balducci, Ms. Otal said she would not characterize the approach as subsidizing. Rather, it is similar to how insurance works in which the cost is spread over a larger customer base. Ms. Otal said that residential service already has an embedded rate.

Ms. Balducci said that certain service enhancements have separate fees. However, the rationale for the embedded organics fee is consistency with the City's goals to reduce the waste stream and to increase and improve environmental sustainability.

Councilmember Stokes concurred with Ms. Balducci's comments. He believes the embedded rate has worked well at the residential level, and he supports the same approach for commercial and multifamily customers.

Mayor Lee concurred that the embedded rate approach is consistent with the City's well-established policy of encouraging recycling.

Lucy Liu, Assistant Director of Utilities, described three rate structure options: 1) current rate structure, 2) cost-of-service rate structure, and 3) single-family linear rate structure.

The current rate structure maintains the existing revenue allocation between commercial and residential rates and smooths out rate adjustments. Ms. Liu said there is not a significant shift in rates with either vendor using the current rate structure.

The cost-of-service rate structure has a greater impact on single-family residences. Single-family rates increase significantly while commercial and multifamily rates decrease.

The single-family linear rate structure charges customers per gallon of garbage capacity. It encourages waste prevention and recycling, but has greater cost impacts for households with larger containers. Those with larger containers would pay approximately twice what they currently pay.

Ms. Liu said staff recommends retaining the current rate structure to minimize the impacts of rate adjustments.

Councilmember Stokes expressed support for staff's recommendation.

Mayor Lee said he supports the current rate structure which spreads costs more fairly among all customers.

Deputy Mayor Robertson concurred, noting that the current rate structure minimizes rate adjustment impacts to customers. The linear rate structure is appealing in terms of possibly promoting more recycling. However, she does not want to penalize larger families.

Dan Stroh, Planning Director, summarized staff's findings on the two vendors. Two independent staff teams evaluated the qualitative and quantitative factors of the vendors' proposals. Staff concluded that both vendors are capable of serving Bellevue and would profit from the contract. However, there are differences in their costs and service approach.

Mr. Stroh requested Council direction on the vendor selection.

Mayor Lee said this is an important decision on a long-term contract. Solid waste collection is as important as public safety to residents and it personally affects everyone. The overall cost of the contract is significant as well.

Mayor Lee asked whether there will be an opportunity for certain items to be negotiated after the selection of the vendor. Ms. Otal said staff will conduct full due diligence with the selected vendor to ensure that all details are clarified and conditions are met. Staff plans to spend the next few weeks finalizing the contract before formal Council action in October.

Responding to Mayor Lee, Deputy City Attorney Kate Berens confirmed that the process is slightly different than how the City handles public works contracts. In the case of public works, after a vote to award the bid is made, a valid contract is in effect.

Deputy Mayor Robertson thanked staff for their work and agreed with Mayor Lee that solid waste collection is as critical as Police, Fire, water, and sewer services. Although Republic Services submitted a slightly higher bid, both bids represent a rate increase for customers. She observed that the cost increases with both vendors are very modest, and price is not the only consideration in awarding the contract. Value is important as well in terms of the history of the service, value to the community, and the impact of changing vendors.

Ms. Robertson said she weighs the qualitative factors over cost. Bellevue residents are strongly supportive of Republic Services, which has a long and stable history with the City. She noted that, during the term of the new collection contract, the City is facing other potential transitions on the solid waste front including exploring disposal alternatives to the King County Cedar Hills landfill and collaborating with neighboring communities on a broader approach to garbage collection and disposal. She said those potential changes make it even more important for the City to retain stability where it can. Noting overwhelming community support, Ms. Robertson expressed her preference for awarding the contract to Republic Services.

→ Deputy Mayor Robertson moved to direct staff to finalize the 2014 Comprehensive Garbage, Recyclables and Organic Waste Collection contract with Republic Services. Councilmember Stokes seconded the motion.

Councilmember Davidson said the same company has served the City well for 30 years and, as a Councilmember, he has not heard complaints. He believes this demonstrates the value of the qualitative aspects of the evaluation and decision. He will support the motion.

Councilmember Balducci spoke in favor of the motion. She recalled that the Council established the criteria and assigned the weight to be given to quantitative and qualitative factors. She observed that staff implemented that direction very well and came to reasonable and logical conclusions. While the objective criteria scored higher for CleanScapes, she agrees with comments about the importance of intangibles that cannot be readily quantified. Ms. Balducci said there are new and emerging solid waste handling techniques and she is aware that Republic Services is moving toward exploring them. She encouraged staff to keep working in that vein with the selected vendor. She said Republic Services has been an active and consistent partner with the community.

With regard to the City's process, Ms. Balducci opined that perhaps the City does not receive stronger responses to its request for proposals because of its bidding practices. She suggested considering, for the future, providing the opportunity for bidders to make their own presentations directly to the Council.

Councilmember Stokes expressed appreciation for staff's work and outreach to the Council and Environmental Services Commission. He said this has been a very positive and professional process. He noted that he serves on the King County Regional Policy Committee, which has been discussing great changes coming with regard to the handling of solid waste. He would like to see Republic Services exploring new methods.

Mayor Lee thanked CleanScapes for their bid and complimented them on their proposal and interactions with City staff. However, as Councilmembers have indicated, it is important to maintain stability and reliability in continuing to work with a long-term vendor that has provided good service. He noted the importance of the strong history and level of certainty with Republic Services. He concurred with other Councilmembers' interest in continuing to explore and consider new technologies and services.

Mr. Lee said the dollar amounts of the bids are very close, and the difference relates primarily to assumptions about recycling. He said that Republic Services' assumptions are based on its history in Bellevue. Mayor Lee expressed support for the motion.

→ The motion carried by a vote of 5-0, with Councilmembers Chelminiak and Wallace recused.

Deputy Mayor Robertson said she would like staff to follow up on any discrepancies that staff might have noted in evaluating the bids and the financial projections of the vendors in order to ensure consistency with the RFP, bring forward a contract that is consistent with the draft contract described in the RFP, finalize the contract, and present it for Council action in early October.

Mayor Lee noted Council consensus with that direction to staff.

At 8:03 p.m., Mayor Lee declared a break.

The meeting resumed at 8:13 p.m., with Councilmembers Chelminiak and Wallace rejoining the meeting.

(c) Planning Commission and Staff Work Program; 2013-2014 Planning and Code Initiatives

Acting City Manager Brad Miyake opened discussion regarding the Planning Commission and staff work program and 2013-2014 Code initiatives.

Chris Salomone, Director of Planning and Community Development (PCD), said staff would provide an update on the status of initiated Code amendments. Staff is seeking direction on whether to initiate Code and planning work, as requested by the community, regarding: 1) multi-room rentals in single-family homes, 2) flexibility for PO (Professional Office) zone in Factoria transition area, and 3) five-year review and update of the Bel-Red Plan as part of the current Comprehensive Plan update.

Mr. Salomone described a proposed schedule for addressing major planning programs previously identified by the Council. These include the Shoreline Master Program, Comprehensive Plan update, Downtown Livability Study, East Link station area planning, and the East Link Permitting Citizen Advisory Committee. Additional projects include Eastgate plan implementation and a number of Land Use Code amendments.

Mr. Salomone noted the earlier comments by Pat Callahan requesting that the Eastgate redevelopment plan move forward. Mr. Callahan has indicated to staff that the proposed schedule is acceptable. This involves beginning to develop plan amendments this November or December. The Bel-Red review is scheduled to start the third quarter of 2014 and staff recommends maintaining that schedule.

Mike Brennan, Director of the Development Services Department (DSD), provided an update on initiated LUC amendments: Shoreline Master Program, medical cannabis collective gardens and recreational marijuana regulations, camp and conference center regulations, roosters and peafowl regulations, and light rail transit use (East Link) regulations. Staff anticipates addressing conformance amendments related to the Shoreline Master Program with the Planning Commission this fall. Staff is beginning to work with the Light Rail Permitting Citizen Advisory Committee (CAC) regarding light rail regulations.

Councilmember Davidson recalled Portland's approach to planning its light rail stations and questioned how and when that will be addressed for Bellevue. Mr. Brennan said there will be separate CACs to address station area planning.

Dr. Davidson said there are still concerns in the community about the potential for transit-oriented development (TOD) around light rail stations. Mr. Salomone said staff plans to bring that topic back later in the year with the first station area planning CAC, which will work on the East Main Street Station.

Mr. Brennan said staff is seeking Council affirmation regarding the scheduled work plan. Staff is also requesting Council direction about whether to initiate work on the issue of multi-room rentals in single-family dwellings.

(1) Single-family multi-room rentals

Carol Helland, Land Use Director, explained that residents of the Spiritwood area began raising concerns about increasing multi-room rentals in single-family dwellings. The practice occurs in other parts of the community. However, it is increasing in areas near Bellevue College. She said this situation is complicated because potential amendments affect many areas of the Land Use Code. A deliberate review is necessary to determine the implications for housing affordability and other issues as well.

For the short term, Ms. Helland said one option is adopting an emergency interim ordinance and initiating the development of permanent regulations. Option 2 is to refer the issue to the ongoing major Comprehensive Plan update.

Councilmember Stokes referred to relevant information provided on page 3-26 of the meeting packet. He spoke in favor of moving forward with initiating the item in the Code amendment work program for the long term while also looking at near-term ways to deal with the issue. He suggested that staff return with an emergency ordinance within a reasonable time period.

Councilmember Chelminiak said he has toured the neighborhood and met with residents, and he thinks it is important to actually see what is going on. He noted testimony during oral communications about other neighborhoods with the same issue. He acknowledged the need to refine the definition of family and suggested considering that it be limited to four unrelated adults, as reflected in the draft emergency ordinance. He suggested looking at court cases that have dealt with this issue, which is the use of single-family homes for multifamily purposes. The City needs to send a strong message that this business model will not be sustained or allowed in Bellevue.

Mr. Chelminiak said he would like to move quickly to adopt interim regulations. He acknowledged that Deputy Mayor Robertson would like to be involved in taking Council action. However, he did not want to rule out taking action while she is absent from the next two meetings.

Deputy Mayor Robertson concurred with the Councilmembers' comments. She said Bellevue has many areas with multifamily housing, which was a deliberate planning strategy to differentiate them from single-family neighborhoods. She said the issue has become more noticeable as Bellevue College expands and the cost of housing increases. However, there have been concerns

throughout the community dating back at least 10 years to when she served on the Planning Commission. She supports adopting an emergency ordinance and moving forward with a careful analysis of the issue and the implications of long-term regulations.

Ms. Robertson said she does not want to prohibit an exchange student or elderly individual from living with a family. She suggested studying, for the long term, the impacts of numerous vehicles and increased activity 24 hours a day. She supports the draft emergency ordinance and encouraged the Council to adopt it while she is gone.

Councilmember Balducci said there have always been complaints about perhaps a group of students renting a house. However, this is different. This is essentially multifamily development in a single-family neighborhood. She questioned why the City cannot enforce this now based on the underlying zoning. She is in favor of an emergency ordinance and taking action if needed. However, she is concerned about the potential unintended consequences of an emergency ordinance.

Ms. Balducci questioned the number of complaints regarding single-family occupancies that the City has received over the years and what enforcement actions have been taken. Ms. Helland said from 2010 to 2013, there was a 50 percent increase in the number of complaints regarding this use (approximately 20 complaints).

Ms. Balducci requested information on how many of those resulted in the determination of a violation. She suggested using whatever regulations are necessary, including current ones, to stop this practice. She said this highlights the importance of moving forward to provide more housing in the Eastgate area.

Ms. Helland said that regulations in place have been applied consistently and predictably over many years. The advantage of a targeted code amendment, in part to create objective standards about the definitions of family and household, is that the City would be deliberately changing the Code and, therefore, its administration of the Code. Additionally, it provides the opportunity for public outreach and education about the new rules.

Councilmember Balducci said she feels a great deal of urgency on this issue, especially after visiting the neighborhood. She observed that Building Code changes are generally vested for completed development. However, the regulation of land uses can be modified and enforced. She hopes to send a message that individuals should not be making significant financial investments in uses that the Council is interested in restricting.

Councilmember Davidson said he agrees with Councilmember Balducci. He does not see why these developments cannot be enforced now under the current Code (e.g., boarding houses, home businesses, etc.).

Mr. Brennan said staff has analyzed the issue and is trying to figure out the most efficient way to address the problem as quickly as possible and to allow for a longer-term process to determine

permanent regulations. He said staff recommends the emergency ordinance option to address immediate concerns.

Councilmember Wallace said he would support moving forward with an emergency ordinance that night. He said there are safety issues that have not but should be discussed. For example, City Code currently requires sprinklers in six-plex rentals. The definition of family should not include a profit motive or commercial context. He does not understand why the City cannot address the practice as violating single-family zoning regulations. Property owners are renting rooms through separate leases, which is the same as an apartment building, and they are skirting other regulations applied to multifamily development. Mr. Wallace said he is hearing similar concerns from other neighborhoods and he believes it is important to act quickly.

Mayor Lee said the City is facing tremendous development pressure and the economy is recovering. He said it is important to be prepared for potentially adverse outcomes. He said the City's work program is extremely busy and requires the careful study and setting of priorities and an implementation strategy.

Mayor Lee said the Council realizes that the multi-room rental trend is a difficult and stressful situation for residents. He supports an emergency interim ordinance to allow the City to thoughtfully consider and study permanent regulations.

Mr. Miyake said he is hearing a strong interest in bringing back the emergency ordinance for Council action. At the same time, Councilmembers have questions about why enforcement is not available under the current Code and about how other jurisdictions are addressing the issue.

→ Councilmember Stokes moved to adopt the proposed emergency ordinance provided on pages 3-41 through 3-44 of the meeting packet, and to hold the required public hearing within 60 days. Councilmember Chelminiak seconded the motion.

Mr. Stokes said the situation is urgent. While moving forward with the emergency ordinance, he would like further discussion about the ability for enforcement under current regulations, as well as the development of permanent regulations.

Councilmember Balducci expressed strong concern that this emergency ordinance will have the unintended consequence of making other situations, which are not a concern, illegal without any advance notice. She thinks the Council can send a message to the individuals who are causing the immediate problem without potentially outlawing situations that are not a problem. Ms. Balducci wants to do something to help this neighborhood. However, she believes the draft ordinance is too broad without fully studying the implications. She said she is not convinced that more cannot be done under the current City Code.

Responding to Councilmember Davidson, Ms. Helland said the complexity of the issue relates to how an owner chooses to use his or her home. There are no restrictions on how someone constructs a home, and the City only responds to complaints after a use is in place. The home occupation permit regulations do not apply to these situations because the owner must live in the

home. Ms. Helland said there is currently no way to track the issue because the City does not require rental registration or training.

Councilmember Chelminiak said he supports moving ahead. However, he believes there is time to revise the draft ordinance and take action by the end of the month. From his perspective, these homes sound like dormitories, which are not allowed in single-family neighborhoods. He observed that this is a significant policy step, which he believes would benefit from an additional week or two of review. He would rather have a unanimous Council decision later than a split decision now.

Deputy Mayor Robertson said she would support taking action tonight. However, she hears reticence on the part of some Councilmembers and is open to waiting a couple of weeks. Ms. Robertson said she does want to send a strong message that this will not be allowed in single-family neighborhoods. She expressed concern that, if action on the emergency ordinance is deferred, applications might be submitted to beat the change.

Mr. Brennan said the pending emergency ordinance is not expected to initiate a rush of activity, as might occur with a change that affects building permits.

Assuming the Council passes this in the next few weeks and there are complaints after it takes effect, if a complaint is based on a dwelling that has six unrelated people living together on separate leases (not meeting the definition of family) but their leases were signed prior to the effective date of the ordinance, Ms. Robertson questioned whether staff would consider that to be a legal non-conforming use and not subject to enforcement activities.

City Attorney Lori Riordan said she did not have a satisfactory answer at this point about how to enforce going forward for rooms already leased in the past. One approach could be to set a time horizon for gradually reducing the number of occupants.

Councilmember Wallace observed that the situation is urgent. The emergency ordinance primarily broadens certain definitions and does not reflect major changes that cause him concern. He said he understood fellow Councilmembers wanting more information but he was ready to adopt the ordinance if desired by the majority as well.

→ As a substitute motion, Councilmember Stokes directed staff to come back within two weeks with a potentially revised ordinance for Council action. Deputy Mayor Robertson seconded the motion.

Mayor Lee expressed support for the substitute motion and acknowledged the wisdom of further analysis to avoid unintended consequences.

Councilmember Balducci said the discussion was valuable in terms of making the Council's intentions clear and cautioning individuals who are involved in developing multi-room rental houses.

Deputy Mayor Robertson said she heard support around the table for also working on long-term, permanent regulations.

Councilmember Chelminiak said the long-term issue has been characterized in the meeting packet as rental homes. He does not believe the issue is rental homes but rather a broader policy discussion about housing and how single-family neighborhoods are to function and develop.

→ The substitute motion carried by a vote of 7-0.

(2) Comprehensive Plan Update

Deputy Mayor Robertson commented on the top priorities for the planning work program including the Shoreline Master Program update, Comprehensive Plan update, Downtown Livability implementation, and medical and recreational marijuana regulations. She is interested in addressing the Factoria transition area Professional Office (PO) item as well. She supports staff's schedule for addressing the Eastgate/I-90 plan implementation beginning late this year and the Bel-Red review in third quarter 2014.

Ms. Robertson said that cell towers are not initiated in the work program but are noted as something that needs to be addressed in terms of changing technology. She said it is also important to discuss cell tower regulations in terms of ensuring that facilities are context-sensitive within neighborhoods.

Ms. Robertson said that neighborhood shopping centers are an important issue as well. She said the Planning Commission knows there is a heavy work plan and commissioners are willing to add more meetings.

Ms. Robertson said she would like to see Attachment 1, the work program schedule [Page 3-33 of meeting packet], updated with all projects. She would like to see more details on the "other LUCAs underway" and would like to see a chart extending out to 2016. She asked that staff update the schedule following tonight's discussion.

Ms. Robertson would like staff to also update the Code Amendment Docket [Attachment 6, page 3-49]. She noted that some items have been completed, and others need to be added. She said it would be helpful to have draft documents ready for the upcoming Planning Commission retreat.

Responding to Mayor Lee, Mr. Salomone said he is hearing Council support to move forward with the multi-room rental emergency ordinance and the Factoria PO zone review. The Bel-Red Plan review will stay on its current schedule.

Councilmember Chelminiak said development is queuing up for the Bel-Red area despite the recession. He supports accelerating the Eastgate Plan implementation and does not want to miss any opportunities for the development of housing near Bellevue College.

Councilmember Wallace acknowledged that the work program presents a challenging schedule. He concurs with moving forward to implement the Eastgate Plan. He opined that perhaps the ability for individual property owners to make rezone proposals could be streamlined by the City. With regard to wireless communications facilities, Mr. Wallace said Seattle is allowing a new wireless internet technology with small antennas. He suggested updating Bellevue's code to accommodate this new technology.

Mr. Wallace suggested discussing how to address increasing panhandling activity as a future retreat topic. He said the City of Issaquah adopted an ordinance that has stood up to the ACLU (American Civil Liberties Union).

With regard to Eastgate, Mr. Stroh clarified that staff has scheduled the work to begin this November/December, which will sync up with the major Comprehensive Plan update adoption in 2014. Mr. Stroh said the developers are satisfied with that schedule.

Councilmember Balducci said she supports the proposed schedule and appreciates all of staff's work. She acknowledged that staff is busy and a number of priorities are currently moving forward, including the Downtown Livability work.

Councilmember Stokes expressed support for the proposed schedule. He looks forward to active implementation of the Eastgate Plan. With regard to the overall work program, Mr. Stokes wants to be sure there is adequate staffing available to complete the work.

Mayor Lee said that is one reason he feels this conversation is so important, to be able to plan for needed resources and a realistic schedule. He said he has been asking for a community visioning process to identify any additional priorities that might arise for the future.

Responding to Councilmember Davidson, Mr. Stroh said the Eastgate Plan discussions anticipated infrastructure needs to support redevelopment.

Agenda Item 3(a)(2) [Amended Agenda]

With regard to the City Manager recruitment brochure, Councilmember Balducci suggested one revision.

(d) Continued Capital Investment Program (CIP) Budget Update

Finance Director Jan Hawn said the 2013-2019 Capital Investment Program (CIP) Plan is in balance. However, there is a need for cash flow borrowing of \$44 million in 2014 due to a number of items including Sound Transit contributions, recommended project accelerations, loss of revenues, increased costs, and debt service payments that were not originally included in the adopted CIP Plan.

Ms. Hawn recalled that the CIP Plan adopted last December contemplated long- and short-term debt issuances. On April 1, 2013, the Council authorized up to \$85 million in debt. She said

additional discussion with the Council will be scheduled for September 16 or 23, and staff anticipates Council action on October 7.

Toni Rezab, Assistant Director of Finance, said the total CIP Plan is still in balance. She referred the Council to page 3-58 of the meeting packet and recalled the March 18 discussion with the Council. The current ending fund balance decreased since March to \$6 million as of 9/3/2013. She noted the loss of revenues related to the Public Works Trust Fund, grants, special benefit offset, and local revitalization funding. Net cost increases span approximately 10 projects. Ms. Rezab said she can provide more details on those fluctuations if desired.

Ms. Rezab described the 2014 cash borrowing need. On March 18, staff identified a \$3 million need for cash borrowing in 2014. Since that time, certain projects have been identified to occur earlier in the CIP Plan, which contributes to the cash flow need. Revenues to support those projects will be collected in the later years of the CIP Plan.

Transportation Director Dave Berg recalled that the East Link alignment decision identified the NE 6th Street Station, which involves additional right-of-way at the Metro site and additional impacts to the City Hall public safety parking garage. Those additional impacts were explicitly excluded from the cost savings of \$14 million, recognizing that the City would need to supply official ROW on the Metro site to accommodate the NE 6th Street Station and would incur costs to rebuild the parking garage. Mr. Berg said those items have been factored into the revenue stream beginning in 2015, but the City will incur the costs (\$14 million) in 2014. This timing issue is the cause of the need for cash flow borrowing.

Mr. Berg described a number of projects recommended for acceleration, beginning with 120th Avenue NE (Stage 3, NE 12th Street to Northup) and 124th Avenue NE (from proposed NE 15th/16th Street to Northup).

- At 9:58 p.m., Deputy Mayor Robertson moved to extend the meeting to 10:15 p.m., and Councilmember Chelminiak seconded the motion.
- The motion carried by a vote of 6-0, with Councilmember Balducci temporarily away from the table.

Mr. Berg described the cost savings to be achieved by coordinating work on the two City projects with Sound Transit's East Link project construction.

Mr. Berg described staff's recommendation to accelerate three design-only projects: 124th Avenue NE (NE 12th to NE 14th); 130th Avenue NE (Bel-Red Road to NE 20th Street); and NE 15th Street (Zones 1 and 2).

Three additional projects identified for acceleration are the SCATS adaptive traffic signal system implementation, Lakemont Boulevard/Cougar Mountain Way project, and minor capital investments (streets and lighting) in the Eastgate annexation area.

Ms. Hawn described options for addressing the cash flow need. Staff is working with Sound Transit to determine whether adjustments can be made with regard to the timing of payments and cost sharing. She said Council direction is requested on whether to accelerate the projects as recommended.

Ms. Hawn said staff requests that the Council authorize up to \$44 million in short-term financing, which will be used only if needed. The current model assumes 100 percent of project spending.

Ms. Hawn described the two financing options: 1) short-term, bank-issued loan, or 2) interfund loan. Both would be paid off within the existing CIP Plan timeframe. The interfund loan option temporarily uses up to 25 percent of total reserves.

Ms. Hawn said staff will return for additional discussion later this month, with potential action scheduled for October 7.

Deputy Mayor Robertson questioned the status of the Metro site contract.

Kate Berens, Deputy City Attorney, said the City and King County Councils have not yet approved a contract. However, staff-level negotiations have been concluded and King County is reviewing the draft agreement. Staff anticipates bringing this topic back to both Councils toward the end of the year.

Ms. Robertson suggested working with Sound Transit and King County to sync up the payments related to the Metro site. Ms. Berens said staff is working to negotiate a favorable arrangement.

Ms. Robertson acknowledged the importance of completing capital projects and investments in the community. However, she is not in favor of taking on more debt, even short-term, at this point. She would like to see some scenarios reflecting different priorities as well as an analysis of the pros and cons of interfund loan borrowing. The benefit of interfund borrowing is that any interest paid stays within the City. However, the drawback is the relatively short repayment period.

Deputy Mayor Robertson said this raises another issue as a possible retreat topic, which is whether to consider a voted package for capital funding. She questioned whether certain projects could be deferred. She would like to continue working toward an arrangement with Sound Transit to help the City better manage the cash flow impacts related to the East Link project.

Mayor Lee said that Ms. Robertson's comments speak well to the importance of a long-term strategic vision for major CIP projects.

Councilmember Wallace asked Ms. Rezab to follow up with details on the CIP project increases and decreases.

→ Councilmember Wallace moved to extend the meeting to 10:30 p.m., and Deputy Mayor Robertson seconded the motion.

→ The motion carried by a vote of 7-0.

Responding to Councilmember Wallace, Mr. Miyake said the issue of the cash flow need was brought to his attention two to three weeks earlier. It was initially raised related to the NE 4th Street project, and further discussion identified opportunities for cost savings by accelerating certain additional projects. Mr. Miyake said staff briefed the Council on August 5 regarding a potential revenue loss of \$15 million, which was related to the NE 4th Street project.

In further response, Mr. Berg said a significant portion of lost revenues were connected to the NE 4th Street project (Public Works Trust Fund loan, partial loss of grant funding, and not realizing the special benefit offset).

Councilmember Wallace said he has additional questions and he would like to have more advance notice of this type of situation.

Councilmember Chelminiak said he would like an individual staff briefing regarding the request for cash flow borrowing. Councilmember Stokes concurred.

Mayor Lee said it is important that the Council have full information on the issues and the financing options.

4. Discussion of Upcoming Items

- (a) *Consideration of the application of Kelsey Creek Center seeking to expand the list of allowed Service uses approved at the site and to modify the procedure for allowing certain Recreation uses. The amendment would permit uses of less than 10,000 square feet for personal services, finance, insurance and real estate. No changes to development standards applicable to the Community Business (CB) District, Community Retail Design District, or Transition Area Design District are a component of the rezone. No new physical development is sought. The Kelsey Creek Center site is 15.23 acres located at the southeast corner of 148th Avenue NE and Main Street, which is located within the jurisdictional area of the East Bellevue Community Council.

Councilmember Wallace recused himself from participation in this item, noting that he has a contract with an affiliate of Nat Franklin. He does not have a conflict of interest, but is recusing himself to ensure the appearance of fairness.

Deputy Mayor Robertson excused herself from the meeting, noting that she will not be present to vote on this action.

[Ms. Robertson and Mr. Wallace left the meeting at 10:17 p.m.]

Mr. Miyake explained that the application of Nat Franklin of Franklin West, LLC, seeks to expand the allowed services uses at Kelsey Creek Center. It is a rezone request which is a quasi-judicial decision for the Council.

Land Use Director Carol Helland briefly reviewed the process to date. Staff requests formal action on September 16, and the ordinance will become effective five days after its publication. The rezone expands allowed uses to include financial, insurance, real estate, and other personal services. Ms. Helland said no public comments were received regarding the rezone application.

Responding to Councilmember Stokes, Ms. Helland acknowledged that credit unions and some of the other uses were previously allowed some years ago. However, they were not explicitly included in the agreement negotiated with the current owner/developer.

Responding to Councilmember Balducci, Ms. Helland clarified that feedback noted in reference to the East Bellevue Community Council was in the form of public comments during their meeting. This is a quasi-judicial matter for the Community Council and Councilmembers did not state positions.

Councilmember Balducci noted that the site is still missing a defined trail connection behind Kelsey Creek Center to connect to the Larsen Lake trail. She suggested that as a future City project.

At 10:25 p.m., Mayor Lee declared the meeting adjourned.

Myrna L. Basich, MMC
City Clerk

/kaw

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Study Session

September 16, 2013
6:00 p.m.

Council Conference Room
Bellevue, Washington

PRESENT: Mayor Lee and Councilmembers Balducci, Chelminiak, Davidson, Stokes and Wallace

ABSENT: Deputy Mayor Robertson

1. Executive Session

Mayor Lee called the meeting to order at 6:00 p.m., and declared recess to Executive Session for approximately 30 minutes to discuss one item of potential litigation.

The meeting resumed at 6:50 p.m., with Mayor Lee presiding.

2. Study Session

(a) Continued Discussion of the 2013-2019 Capital Investment Program (CIP)

Acting City Manager Brad Miyake opened staff's presentation regarding the 2013-2019 Capital Investment Program (CIP) Plan. He noted two key policy issues to be discussed: 1) Use of ending fund balance to respond to revenue shortfalls and expenditure increases in certain projects, and 2) Acceleration of certain projects' spending and their impact on short-term borrowing needs.

Mr. Miyake recalled that staff initiated this discussion the previous week. However, there was not sufficient time to get through the entire presentation. Since that time, staff has conducted briefings with all Councilmembers which raised a number of questions and suggestions. Some of these are responded to in the meeting packet and staff continues to work on others.

Finance Director Jan Hawn explained that, when staff conducted the analysis of the revenue shortfall and cost increases, they used as a guiding principle the delivery of the 2013-2019 CIP Plan adopted by the Council last December. In order to balance the plan and deliver all of the projects, it was necessary to use the ending fund balance of \$28 million which became available in March with the issuance of bonds. This spread the costs of major projects over a longer period of time.

Ms. Hawn said there is also a cash flow issue in 2014 resulting from the acceleration of projects. Last year, the Council directed staff to look for cost savings and opportunities for efficiencies related to coordinating with Sound Transit and other private development projects.

Ms. Hawn said cash flow borrowing is not unusual in the CIP Plan. Council policy allows the City to borrow money to fund the CIP based on the frontloading of costs within the seven-year CIP Plan. The City has borrowed money on several occasions to expedite and deliver on infrastructure projects that benefit the community and that can be completed before inflation drives up costs.

Toni Rezab, Assistant Finance Director, addressed the issue of how to adjust the overall CIP Plan to manage the loss of revenue and projected cost increases. She recalled that, when the original CIP Plan was adopted, total revenues equaled total expenditures and there was no ending fund balance. In March, the City issued \$80 million in debt at an interest rate of 2.7 percent, which extended the payments over 20 years. That freed up an ending fund balance of \$28 million.

Ms. Rezab recalled that, when staff met with the Council in August and on September 9, there was discussion about the loss of revenues in the CIP Plan through 2019 (\$15 million) as well as small cost increases totaling approximately \$5 million. The loss of revenues is related to the loss of the Public Works Trust Fund loan, delay in adopting the special benefit offset, and reduced grant funding. On the positive side, revenue projections reflect \$1.8 million from local revitalization funds.

Ms. Rezab said cost increases are detailed in the meeting packet. The total funding gap for the 2013-2019 CIP Plan is \$20 million.

Staff's recommendation to address the funding gap is to reduce the ending fund balance, which allows for the completion of the adopted CIP Plan. Additional options are: 1) Delay or eliminate the impacted projects or programs (NE 4th Street, 120th Avenue NE Stages 2 and 3, and 124th Avenue NE), 2) Reduce other expenditures in the CIP (e.g., legal debt obligations, certain projects or programs), and/or 3) Increase revenues.

Responding to Councilmember Wallace, Ms. Rezab clarified that, when the original budget was adopted, there were two debt components: 1) \$41 million long-term payment amortized over 20 years, and 2) \$51 million short-term line of credit, to be repaid within the seven-year CIP Plan period. When the City converted those two pieces to one 20-year long-term debt payment, it freed up money that would have been used to repay the short-term line of credit.

In further response to Mr. Wallace, Ms. Rezab confirmed that there would be a 2019 ending fund balance because the City spread the debt over 20 years instead of seven years.

Moving to the cash flow issue, Ms. Rezab asked the Council to consider whether projects should be accelerated to ensure that infrastructure needs are coordinated with Sound Transit and private development projects. She said there are near-term needs in 2014, while cash flow does not improve until later in the CIP Plan (2017 and beyond).

Ms. Rezab said there are four components to cash flow borrowing needs: 1) Sound Transit East Link alignment decision, 2) Recommended accelerated projects, 3) Near-term loss of revenues, and 4) Net cost increases and 2013 debt payment.

Deputy City Attorney Kate Berens described the cash flow needs related to the NE 6th Street alignment of the Sound Transit East Link project and the Metro property/City Hall parking garage impacts. The project requires costs to be incurred by the City in 2014, and reimbursement will occur in 2015. This creates a timing issue with regard to cash flow. One option for addressing this situation is to work with Sound Transit to coordinate payment and reimbursement.

Transportation Director Dave Berg described the projects recommended for accelerated funding, which are detailed in Attachment A in the meeting packet. He explained that the 120th Avenue NE (Stage 3) and 124th Avenue NE (15th/16th to Northup Way) projects involve the East Link light rail alignment passing under the roadways. Sound Transit will move forward with its work regardless of the City's projects. City staff recommends accelerating the two roadway projects into the 2015-2016 timeframe to complete design and construction in conjunction with the East Link project. The right-of-way acquisition phase of the projects would be accelerated to 2014, which triggers the cash flow need of \$5.5 million.

Mr. Berg recalled the Council's interest in taking advantage of cost-sharing opportunities related to the East Link project. Accelerating the two roadway projects results in significant savings, avoids multiple construction periods, and reduces inflationary costs. Both Sound Transit and the City have reached the 60-percent design level for their projects. Mr. Berg said that accelerating the City's projects also ensures compatibility with private development (e.g., Spring District and Pine Forest Properties).

Responding to Councilmember Wallace, Mr. Berg said the City will receive a cost-sharing contribution from Sound Transit. That amount will be determined upon completion of negotiations for the cost-sharing agreement. Mr. Wallace said it would be helpful to understand the timing of that agreement and how cost-sharing might shift in order for the Council to determine whether to approve a new revenue option (e.g., debt, new revenue source).

Councilmember Balducci said the CIP Plan often counts on future revenues over the seven-year plan, including from other agencies. She said the CIP Plan is updated every two years and funding adjustments are made for specific projects. She said it is important to keep the broader picture and objectives in mind.

Councilmember Wallace said he would rather have more certainty about future revenues before making a final decision on programming funds as recommended by staff. He observed that the CIP Plan spends more than \$5 million on each of the two projects (120th Avenue NE and 124th Avenue NE) by 2014.

Responding to Mayor Lee, Mr. Wallace opined that whether to accelerate the two projects does not need to be decided by October 7. He believes that can wait until the City has better clarity on the costs and timing of the projects and the agreement with Sound Transit.

Responding to the Council, Mr. Berg said the City's two roadway projects are currently budgeted for design in 2014-2015 and right-of-way work in 2015-2016. Under the current CIP Plan, construction does not begin until 2019. Staff's current proposal is to accelerate the design and ROW work in 2014, which creates the cash flow need. Construction is moved forward from 2019 to 2015-2016 to coordinate with Sound Transit's project. Mr. Berg said there will ultimately be a cost savings through this approach.

Councilmember Chelminiak said that accelerating the City's projects will result in savings and reduce the construction impacts by consolidating the work schedules.

Councilmember Stokes concurred. He supports moving forward with staff's recommendation and not waiting for resolution of the cost-sharing agreement. Mr. Berg said it might be 2014 before the agreement is finalized.

Responding to Councilmember Wallace, Mr. Berg said the 124th Avenue NE project was fully funded for design, ROW, and construction in the CIP Plan. However, it was recently identified for a cost increase due to increasing ROW needs.

Responding to Mr. Wallace, Ms. Berens said the City is negotiating with Sound Transit for a \$35 million contribution in the cost-sharing agreement. She said staff can bring back more detail about how this would work. The purpose of tonight's discussion is to present the full 2014 cash flow need if the City's two roadway projects are accelerated. No City money would be spent on the Sound Transit portion of the project until the agreement is in place. Ms. Berens said it might be helpful to the Council if staff provides additional details on October 7 regarding the anticipated timing of the cost-sharing agreement and the potential funding and cash flow impacts.

Councilmember Wallace observed that the current staff-to-staff negotiations will require adoption of the cost-sharing agreement by the City Council and the Sound Transit Board, and the outcome is currently unknown. He expressed concern about borrowing money and moving forward with projects based on an assumption about future contributions from Sound Transit. Mr. Wallace suggested waiting until next year on the 120th Avenue NE and 124th Avenue NE projects. However, he agreed with the need to address NE 4th Street by October 7.

Councilmember Davidson concurred with Councilmember Wallace's concerns.

Councilmember Balducci questioned the urgency of staff's request. Mr. Berg explained that Sound Transit's project begins construction in 2015. If the City is to accelerate its projects, there needs to be adequate time to complete design, purchase ROW, and prepare for construction in 2015.

Councilmember Balducci questioned the risks involved.

Mr. Berg said Sound Transit has an interest in the City moving forward. He opined that the City has a greater risk if it does not proceed with Sound Transit. If the City does not proceed now, the risk is that delay will increase the project costs. In further response, Mr. Berg said the City's projects are designed for compatibility with the East Link alignment, regardless of the timing, so that is not considered a risk in delaying.

Councilmember Balducci questioned whether there is a way to provide some degree of assurance at this point about future funding from Sound Transit.

Mayor Lee said he was prepared to support staff's recommendation based on the cost savings. However, he understands and supports the need for more information and certainty as described by Councilmember Wallace.

Councilmember Stokes said he appreciates the concerns of his fellow Councilmembers. At the same time, he does not want to spend money in the future that could have been avoided if the City's projects had been better coordinated with Sound Transit.

Responding to the Mayor, Mr. Miyake said staff can bring back more information in response to the Council's questions and concerns. He said this will involve discussions with Sound Transit.

Councilmember Davidson expressed concern that the City will be pressured to borrow more money if Sound Transit is not willing to contribute as the City anticipates.

Councilmember Wallace said this discussion should not be viewed as negative. He observed that the Council supports the projects. However, there are concerns about timing and certainty. He suggested allowing time to finalize the cost-sharing agreement and for City and Sound Transit staff to work together to reduce costs. At that point, staff could request a more realistic funding allocation.

Councilmember Chelminiak said he is in favor of finding a way to move forward with accelerating the 120th Avenue NE and 124th Avenue NE projects.

Mayor Lee said the Council will defer a decision pending more information from and discussion with staff.

Moving on, Mr. Berg noted three design projects recommended for acceleration: 1) 124th Avenue NE (NE 12th Street to NE 14th Street), 2) 130th Avenue NE (Bel-Red Road to NE 20th Street), and 3) NE 15th Street (Zones 1 and 2). The rationale is to ensure compatibility with the East Link project and to reduce inflationary costs. Other projects identified for acceleration are: 1) SCATS adaptive traffic signal system implementation, 2) Lakemont Boulevard/Cougar Mountain Way, and 3) Minor Capital for streets and lighting. Acceleration of these projects reduces inflationary costs and responds to community, safety, and operational interests.

Parks and Community Services Director Patrick Foran said staff requests accelerating \$1.2 million for the joint Hidden Valley Park project with the Boys and Girls Club of Bellevue. The

agreement requires a \$3 million payment from the Boys and Girls Club. Staff proposes moving City expenditures from 2015 to 2014 to coordinate the City's work with the Boys and Girls Club's preferred development schedule.

Mr. Foran said the Hidden Valley Park project is in a better position to move forward in 2014. As a result, the Downtown Park and Airfield Park projects would be reprogrammed to 2015 and later.

Responding to Councilmember Chelminiak, Mr. Foran said staff's proposal completes the Downtown Park project as scheduled in 2015. The Airfield Park project is funded for planning, design, and permitting in the current CIP Plan, with construction to occur beyond 2019. Staff's current recommendation delays that project by approximately one year.

Responding to Councilmember Wallace, Mr. Foran said the extra \$500,000 for open space acquisition is related to King County Conservation Futures in later years to reimburse the City.

Mr. Wallace observed that \$3 million is being moved from Surrey Downs Park to Hidden Valley Park. Mr. Foran recalled that this was discussed within the context of the Hidden Valley Park discussion. The original idea in the Parks Levy was that there would be \$7 million in funds appropriated to Surrey Downs Park. However, as a result of the East Link alignment along Surrey Downs Park, the athletic component of that plan was moved to the Hidden Valley Park project. This leaves \$4 million in levy funding for Surrey Downs Park.

Mr. Wallace requested details on the King County Conservation funding and the grant sponsored by State Senator Rodney Tom for the Meydenbauer Bay Park project.

Mr. Miyake reiterated that staff will compile more information as requested by the Council. He said staff is available for individual briefings to Councilmembers as well.

- (b) New NPDES (National Pollutant Discharge Elimination System) Western Washington Phase II Municipal Stormwater Permit

[Moved to Regular Session, Item 5, City Manager's Report.]

At 7:55 p.m., Mayor Lee declared recess to the Regular Session.

Myrna L. Basich, MMC
City Clerk

/kaw

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Regular Session

September 16, 2013
8:00 p.m.

Council Chamber
Bellevue, Washington

PRESENT: Mayor Lee and Councilmembers Balducci, Chelminiak, Davidson, Stokes and Wallace

ABSENT: Deputy Mayor Robertson [Absence excused by Council action on 09/09/13]

1. Call to Order

The meeting was called to order at 8:04 p.m., with Mayor Lee presiding.

2. Roll Call, Flag Salute

Upon roll call, all Councilmembers except Deputy Mayor Robertson were present. Councilmember Davidson led the flag salute.

(a) National Citizenship Day Proclamation

Mayor Lee read a proclamation declaring National Citizenship Day in Bellevue.

Patrick Bannon, representing the Bellevue Downtown Association (BDA), thanked the City for the proclamation. He said the BDA and the City are hosting a Naturalization and Citizenship Ceremony at Bellevue City Hall on September 17.

3. Communications: Written and Oral

- (a) Eleanor Schroeder addressed City staff's recommendation to award the solid waste collection contract to CleanScapes. She does not support awarding the contract to Republic Services.
- (b) Rich Stoltz, Executive Director of OneAmerica, a statewide immigrant advocacy organization, commended Bellevue for the proclamation recognizing Citizenship Day and thanked the City for hosting the naturalization ceremony. Given Bellevue's increasing

diversity, he believes this is an important time to recognize the contributions of immigrants.

- (c) Sam Bellomio, representing StandUP-America, spoke regarding the responsibility of citizenship, which he believes includes engaging with elected officials. He said King County does not allow the public to participate in their meetings. He said the King County Executive is paid \$50,000 more than the Governor, and the executive branch of King County is paid more than the State's executive branch. He said King County is a corrupt mafia and the City Council is at fault for allowing that to occur.
 - (d) Alex Zimmerman, representing StandUp-America, said there is a need to clean up the City's operations that steal taxpayers' money and follow Chinese communist and Nazi Gestapo principles. He said the City has prosecuted him twice in the form of political persecution. He said the government is a democratic mafia that does not represent citizens. He said the King County Council meets 300 days per year and does not allow citizen input. He questioned whether Councilmembers are normal, have a mental condition, or are so stupid they do not understand the use of taxpayers' money.
 - (e) Paula Revere said she has failed in getting truth to power using law enforcement. She said America is now being reconquered by the Roman-Greco empire, and she has evidence to prove that. She said the economic crash of 2007 was actually the conquering. When the perpetrators were caught, they repeated that in 2008. She said she has been prevented from showing her evidence. She said the police have picked her up with a witness with her evidence, and they then harbor and taint the witnesses. She said they infiltrate cell phones, and buildings are designed for maximum control of the people. She said the crusades continue and 60 million people who believe in freedom have been killed. She said the planet will again be in the Dark Ages. It will appear that technology has saved the day when in fact people have been enslaved under the thumb of a dominionist few. She said a boss has more power over a person than the government or a spouse.
 - (f) Chris Martin, Founder and President of CleanScapes, thanked staff for an outstanding job throughout the entire solid waste contract procurement process. He said CleanScapes has been through 10 procurement processes over the past 10 years, and Bellevue staff are the only ones who spent an entire day visiting their facilities and submitting many follow-up questions. He said CleanScapes' bid was lower than the other bidder, and the company scored higher in the staff evaluations. CleanScapes spent four months of staff time at a cost of \$250,000 conducting extensive due diligence to bid on the contract. Mr. Martin said he has questions about why Republic Services was chosen. He encouraged Councilmembers to read the proposal submittals.
4. Reports of Community Council, Boards and Commissions: None.
5. Report of the City Manager

(a) National Pollutant Discharge Elimination System (NPDES) Western Washington Phase II Permit [Study Session Item 2(b)]

Acting City Manager Brad Miyake noted that this item was carried over from the earlier Study Session. He explained that the National Pollutant Discharge Elimination System (NPDES) Phase II Permit is a federal permit administered by the State Department of Ecology. The new permit requirements became effective on August 1, 2013.

Paul Bucich, Storm and Surface Water Policy and Technical Advisor, noted that the Utilities Department staff's use of the acronym LID refers to low impact development. The NPDES permit is required through the federal Clean Water Act. Its purpose is to protect water quality by reducing pollution discharged from the municipal storm drainage system into surface waters. Phase II permits apply to cities and counties with a population less than 100,000 in the 1990 census. This designation remains the same despite later fluctuations in population. Bellevue is one of 85 Permit II cities and counties in Western Washington.

Mr. Bucich recalled that the City received its first five-year NPDES permit in 2007. On August 1, 2012, the State Department of Ecology (DOE) reissued the first permit extending to July 31, 2013, and issued a new five-year permit extending from August 1, 2013 to August 1, 2018. At the same time, the DOE issued a new 2012 Stormwater Manual. On August 30, 2012, a coalition of Phase II cities appealed certain conditions in the new permit to the State Pollution Control Hearings Board (PCHB).

Mr. Bucich said the new permit retains the first permit's stormwater management program structure and reflects a phased implementation approach. However, it includes additional operational, monitoring, and development requirements with citywide impacts.

Mr. Bucich described the annual Regional Stormwater Monitoring Program (RSMP) fee of \$85,000, which compares to an estimated \$800,000 to \$1 million annual cost for an independent program. The \$85,000 was included in the last budgetary cycle.

The new stormwater management manual requires the use of low impact development stormwater facilities unless proven infeasible. Currently, the City of Bellevue and many other jurisdictions encourage but do not require the use of LID alternatives. The new manual requires cities to amend their stormwater codes by December 31, 2016 to require the use of LID practices.

Mr. Bucich said the requirement to inspect and clean catch basins every four years is changed to every two years under the new permit. There will be budgetary impacts related to this new provision. All catch basins must be inspected and cleaned over the next four years (by August 1, 2017) and every two years after that.

Mr. Bucich said the new permit changes the requirements related to illicit discharge detection and elimination. The City is working with others in the region to address this requirement, which must be completed by December 31, 2017.

Mr. Bucich said the most far-reaching requirement of the new permit is that the City review and revise its citywide regulations to require LID land use management strategies that minimize impervious surfaces and native vegetation loss. This must be completed by December 31, 2016. The goal is to make LID the preferred and commonly used approach to site development. The provision requires the City to review and revise its codes. However, the permit does not set specific metrics.

Mr. Bucich said the process involves an opportunity analysis (2014), the development of options (2015/2016), and amendment of the City Code by December 31, 2016. This effort will include review of the Comprehensive Plan, subdivision and planned unit development (PUD) codes, critical areas and shoreline regulations, Land Use Code, Fire Code, impervious surface standards and limits, landscaping standards, and other standards and guidelines. Mr. Bucich said the development of options will involve the work of a consultant. However, he noted that no consultant has conducted this type of review of all of the codes and practices of a jurisdiction.

Mr. Bucich said that he and Phyllis Varner, NPDES Permit Manager, will be working closely with Catherine Drews, Project Manager, and the multi-department project team. The work will include review by the applicable boards and commissions, public involvement, and final decisions by the Council.

Mr. Bucich said the next NPDES Annual Report is due in 2014. Staff anticipates development of the LID land use principles from 2014 through 2016 and addressing stormwater development codes in 2016.

Responding to Councilmember Wallace, Mr. Bucich said the rule that differentiates areas that already have impervious surfaces from those that do not still exists. Mr. Bucich said there are two components. One involves a direct discharge to a major water body (i.e., Lake Sammamish, Lake Washington) and the other is the 40-20 rule. For the latter, if 40 percent of a drainage basin is impervious and has been for at least 20 years, development is required only to contain and control for new impervious surface.

In further response, Mr. Bucich said City staff has briefly discussed direct discharge areas with the DOE. From staff's perspective, direct discharge involves LID best management practices for water quality treatment. Why would the City want to do LID infiltration and vegetation retention in areas with no flood control? The DOE's response was to ask why the City would not want to do that. Mr. Bucich suggested that the City advocate for maintaining a reasonable approach in cases of direct discharge to water bodies.

Councilmember Wallace said the area west of 124th Avenue and into the Downtown has been impervious surface for years. He said that stormwater is already detained in the Downtown, and new growth will follow the same practice. Mr. Wallace observed that it is not practical to try to implement LID techniques in an urban center when the community is trying to create new housing and other urban development. However, stormwater detention is practical.

Mr. Wallace believes there is a unique opportunity in the Bel-Red corridor to look at regional stormwater plans and potentially LID techniques. However, he suggested considering the approach taken by the City of Redmond in looking at regional stormwater solutions.

Mr. Wallace questioned how the permit requirements affect single-family areas and other areas that are not likely to experience any major development.

Mr. Bucich said there is a list of best management practices for single-family development and redevelopment. With regard to the Bel-Red corridor, Mr. Bucich said that, in areas with sufficient soils, it is generally less expensive to infiltrate than to build large conveyance systems. The bigger change relates to the retention of native vegetation or the installation of vegetation and soil amendments where feasible and practical.

Mr. Bucich said the good news is that the new permit provides an opportunity for the community to decide where and how it wants to implement LID principles. In the Downtown, LID might not be the most appropriate use of land. The City and community will work together to develop an approach to submit to the DOE. There is no right or wrong answer. The intent is to undertake a good faith effort to consider the LID philosophy for the community. Mr. Bucich said the DOE has indicated it will accept the approaches chosen by individual jurisdictions.

Councilmember Wallace observed that one of the bright spots is a programmatic cleaning up of water and the lakes. He said there are definitely programmatic benefits represented by the Shoreline Management Plan.

Mr. Wallace said the requirements appear to be making all development and regulation more expensive. He questioned the impact on household stormwater utility bills.

Mr. Bucich said stormwater rates are likely to be affected by the increased requirements for operations and maintenance. However, cities are looking at different strategies for optimizing what they are already doing in order to minimize the actual resource impact and the fiscal impact to the community.

Responding to Councilmember Davidson, Mr. Bucich confirmed that deep well injection is a technique used in various areas (e.g., Kitsap County). It would typically be used only if the glacial till layer is relatively thin (20-30 feet).

Mayor Lee commented that this is a big project over several years. He wants to be sure that staff keeps the Council and the community informed and involved throughout the process. He wants to be sure that citizens, boards and commissions, and the Council are engaged.

Mayor Lee stated that Bellevue is a leader in storm drainage utilities. He hopes the City receives credit for the practices already in effect.

Councilmember Stokes thanked staff for the presentation and said he appreciates what staff has been doing in working with the Regional Growth Management Policy Board. He believes there

are opportunities to have the best program without significant adverse impacts to the economy. He looks forward to working on this issue with the Environmental Services Commission and would like a briefing to the commission in the near future. He encouraged Councilmembers to meet with staff for more in-depth briefings.

Moving on, Mr. Miyake highlighted Item 8(b) regarding the purchase of two triple-combination pumper trucks and two ladder trucks for the Fire Department. He said these purchases will replace fire equipment that has reached its useful life of 15 years. The purchases are the result of extensive research by both the Fire Department and Fleet Communications personnel to ensure the City is receiving the best value on the most reliable equipment possible.

Mr. Miyake highlighted Item 8(i) regarding the execution of an Interlocal Agreement with the Bellevue School District for the assignment of School Resources Officers. The agreement adds an additional SRO for middle schools, which presents the opportunity to build relationships with students at an early age in the hopes of preventing later problems.

6. Council Business and New Initiatives

Councilmember Balducci participated in meetings of the Sound Transit Executive Board and Sound Transit capital committee, the East Link Open House, and a tour of the planned alignment for the Lynnwood light rail extension. She chaired the Puget Sound Regional Council (PSRC) Transportation Policy Board meeting and represented the City at the kickoff of its project to build an online portal for paying the business and occupation (B&O) tax.

Councilmember Stokes attended a meeting of the King County Regional Policy Committee, which allows public comments, and a meeting of the Eastside Transportation Partnership.

Mr. Stokes said that he and Councilmember Wallace have been involved in meetings regarding the Tateuchi Performing Arts Center.

Councilmember Wallace reported that he toured the Spiritwood neighborhood and met with residents regarding their concerns about home rental practices. He said they are pleased with the City's responsiveness to their concerns, and he thanked Councilmember Chelminiak for helping to push this through.

Mr. Wallace attended a meeting of the Eastside Transportation Partnership, which included a presentation on tolling. With regard to regional tolling, there was a discussion about whether it is appropriate to look at I-405 as a full freeway toll as opposed to a HOT lane toll. There is a study looking at the advantages, disadvantages and options. He questioned, on behalf of ETP, whether the Council would request that the Puget Sound Regional Council (PSRC) take a look at the full freeway toll option as a potential for the future.

Councilmember Chelminiak said he attended meetings with staff regarding the Capital Investment Program (CIP) and the funding issues with the Bellevue Convention Center Authority related to Meydenbauer Center. He attended an event to host the Ambassador from

India, and he thanked the Mayor for handling that event and coordinating a meeting with the Ambassador and Governor Inslee.

Councilmember Davidson reported that he and Councilmember Chelminiak attended the King Conservation District meeting. Dr. Davidson attended meetings of the Puget Sound Salmon Recovery Council monitoring adaptive management subcommittee, Sound Cities Association (SCA) public issues committee, and the Cascade Water Alliance. He attended the event in honor of the Ambassador from India.

Mayor Lee thanked the City Manager, Economic Development Manager Tom Boydell, and other staff for their work on the India Ambassador reception. Mr. Lee attended a joint meeting of the City's boards and commissions and, with Councilmember Balducci, the Lake Hills community open house.

Mayor Lee reported that he attended the Mexican Consul General's reception to celebrate Mexico's Independence Day, the Aki Matsuri event, the opening of the dual language (Chinese immersion) program at Bellewood Elementary School, and the Miss Chinese Seattle Scholarship Pageant. Mr. Lee attended the National Day of Service and Remembrance event on September 11 and the Mayors Lunch sponsored by Leadership Eastside.

Mayor Lee met with U.S. Congressman Adam Smith to discuss the sustainable communities initiative. Mr. Lee said he and Councilmember Chelminiak attended the kickoff event for the development of the Spring District in the Bel-Red corridor.

7. Approval of the Agenda

- Councilmember Chelminiak moved to approve the agenda, and Councilmember Davidson seconded the motion.
- The motion to approve the agenda carried by a vote of 6-0.

8. Consent Calendar

- Councilmember Chelminiak moved to approve the Consent Calendar, and Councilmember Stokes seconded the motion.
- The motion to approve the Consent Calendar carried by a vote of 6-0, and the following items were approved:

- (a) Minutes of January 24-26, 2013 Special Meeting - Council Retreat
Minutes of July 31, 2013 Special Meeting
- (b) Resolution No. 8624 authorizing execution of a purchasing agreement with Pierce Manufacturing, Inc., in an amount not to exceed \$3,670,248.37, to purchase two triple combination pumper trucks and two tracker-drawn aerial (ladder) trucks for

Fire Department use.

- (c) Resolution No. 8625 authorizing: 1) execution by the 401(a) Plan Committee Chair of Amendment No. 4 to the 401(a) Money Purchase Plan terminating said Plan; and 2) the 401(a) Plan Committee Chair to take all other necessary or appropriate actions to terminate the Plan.
- (d) Resolution No. 8626 authorizing execution of a two-year service agreement with Integra Telecom, with two one-year options to renew, in an amount not to exceed a total of \$403,000, to provide consolidated Telecommunications and Internet services.
- (e) Ordinance No. 6125 amending Ordinance No. 6083 to reflect the amendment of the 2013 and 2014 grant amounts to Congregations for the Homeless - Drop In Center, in an amount not to exceed \$49,450.
- (f) Resolution No. 8627 authorizing execution of a professional services agreement with MacLeod Reckord Landscape Architects, in an amount not to exceed \$879,494, for landscape architectural, engineering, and site design services to complete an additional construction phase of the Bellevue Downtown Park.
- (g) Motion to waive a minor bid irregularity and award Bid No. 13179 to Prime Electric, as the lowest responsible bidder, in the amount of \$253,806.15, to provide and install an Audio/Video (AV) System in the Bellevue Youth Theatre (BYT) at Crossroads Community Park.
- (h) Resolution No. 8628 authorizing execution of a Parking Lot Easement Agreement with Advanta Office Holdings LLC for offsite parking to support Bellevue Airfield Park.
- (i) Ordinance No. 6126 authorizing execution of an amended Interlocal Agreement with the Bellevue School District for the assignment of a maximum of six School Resource Officers (SRO) to be stationed at Bellevue high and middle schools during the 2013-2014 school year; amending the 2013-2014 General Fund revenue budget by \$167,787; and adding an officer FTE to the Police Department authorized Patrol position total as backfill for the SRO.
- (j) Motion to extend the existing Eastside Transportation Partnership (ETP) Agreement to the end of 2015.
- (k) Resolution No. 8629 authorizing execution of Amendment #4 to the Interlocal Agreement between the Washington State Department of Transportation (WSDOT), for the acquisition of rights-of-way for pedestrian and bicycle improvements along Northup Way (GCA 6668, SR 520 Interim Regional Pedestrian and Bicycle Path).

- (l) Motion to award Bid No. 13095, Mid-Block Crossing, NE 8th Street at Crossroads Park to NPM Construction Co., as the lowest responsive and responsible bidder, in the amount of \$205,968.50 (CIP Plan No. PW-M-2).
- (m) Resolution No. 8630 authorizing approval of payment in the amount of \$45,434.51 for a Release of All Claims in final settlement of a claim against the City for property damage to the Morrison residence caused by a wastewater system failure.
- (n) Resolution No. 8631 authorizing the City Manager or his designee to execute a First Amendment to the Interlocal Agreement between a Coalition of Government Agencies consisting of Auburn, Bainbridge Island, Bellevue, Bothell, Bremerton, Burlington, Camas, Des Moines, Everett, Ferndale, Issaquah, Kelso, Kent, Kirkland, Longview, Lynnwood, Mount Vernon, Poulsbo, Renton, Sammamish, SeaTac, Snoqualmie, Sumner and Cowlitz County related to joint administration of and cost-sharing for legal representation to challenge the Phase II National Pollutant Discharge Elimination System ("NPDES") Permit issued on August 1, 2012, and authorizing execution of an Amendment to the Agreement for Professional Services between the City of Bellevue as lead agency for the Coalition and Foster Pepper PLLC, for a total contract amount of \$635,000 for fees and costs associated with legal challenges to the NPDES Phase II Permit issued by the State Department of Ecology.

9. Public Hearings: None.

10. Land Use

- (a) *Consideration of the application of Kelsey Creek Center seeking to expand the list of allowed Service uses approved at the site and to modify the procedure for allowing certain Recreation uses. The amendment would permit uses of less than 10,000 square feet for personal services, finance, insurance and real estate. No changes to development standards applicable to the Community Business District, Community Retail Design District, or Transition Area Design District are a component of the rezone. No new physical development is sought. The Kelsey Creek Center site is 15.23 acres located at the south east corner of 148th Avenue SE and Main Street, which is located within the jurisdictional area of the East Bellevue Community Council.

Ordinance No. 6127 approving the rezone application of Kelsey Creek Center, LLC, to repeal the prior concomitant agreement, as amended, governing the allowed uses at Kelsey Creek Center and to replace it with a new concomitant zoning agreement relating to approximately 16 acres located at the corner of 148th Avenue SE and Main Street, with conditions.

Councilmember Wallace recused himself and left the table at 9:27 p.m.

Acting City Manager Brad Miyake recalled that this item was discussed with the Council the previous week. He noted it is a quasi-judicial matter for the Council. Ordinance No. 6127 approves the rezone application of Kelsey Creek Center to establish additional allowed uses.

Mike Brennan, Director of Development Services, said the proposed change would include expanding the list of allowed uses to include personal services, finance, insurance, and real estate uses. No changes are proposed to development standards.

→ Councilmember Balducci moved to adopt Ordinance No. 6127, and Councilmember Chelminiak seconded the motion.

→ The motion carried by a vote of 5-0, with Councilmember Wallace recused.

Councilmember Wallace returned to Council Chambers.

11. Other Ordinances, Resolutions and Motions: None.

12. Unfinished Business: None.

13. Continued Oral Communications

Alex Zimmerman, StandUP-America, suggested that the Mayor speaks too much in meetings, which Mr. Zimmerman believes is related to the upcoming election. Mr. Zimmerman said he would like the City Manager to host a question and answer session every month to listen to citizens and share his or her perspective.

14. New Business

- (a) Review ARCH (A Regional Coalition for Housing) report: Evaluation of Projects Funded by ARCH Members; and consider modification of City loan terms for Pacific Inn Apartments.

Mr. Miyake said the purpose of the agenda item is to: 1) Review the new monitoring process for the ARCH (A Regional Coalition for Housing) portfolio, and 2) Request the Council's consideration of modifying the terms of the 1996 Pacific Inn Apartments loan agreement.

Dan Stroh, Planning Director, said the new ARCH monitoring process was developed with input from a number of stakeholders and funders. He said staff will present the proposed modification to the Pacific Inn loan agreement tonight in anticipation of requesting Council action in the coming weeks.

Arthur Sullivan, ARCH Program Manager, referred the Council to the report provided in the meeting packet: Evaluation of Projects Funded by ARCH Members. The ARCH Executive Board has reviewed the report and endorsed staff moving forward with implementing the steps identified in the report. A description of the annual review process is provided at the end of the report [Page 14-21 of the meeting packet]. Potential strategies for enhancing the long-term viability and sustainability of projects are provided on page 14-20.

Councilmember Wallace said he appreciates the evaluation process and the Pacific Inn proposal, which he believes provides a beneficial structure for moving forward.

Mayor Lee said Pacific Inn Apartments have proven to be an asset for the community. He noted that the property has had the same owner since the loan was issued in 1998. He supports modifying the loan agreement as proposed.

Councilmember Davidson commented that the Pacific Inn project had a bumpy start but it has successfully moved forward due largely to Mr. Sullivan's efforts.

Councilmember Stokes expressed support for the monitoring process. Responding to Mr. Stokes, Mr. Sullivan referred to the summary of the Pacific Inn property and proposed financing modification on page 14-25 of the meeting packet. The project was developed through a special initiative for downtown housing. The project has 118 furnished affordable housing apartments (studios and loft bedroom units).

Mr. Stokes said the proposed modification to the Pacific Inn loan agreement extends the deadline for the balloon payment by four years. The owner has agreed to make an additional minimum \$40,000 annual payment toward principal starting in 2013 to pay off the loan quicker. The ARCH Executive Board recommends that any change in the partner or any refinancing would trigger a repayment of the City loan.

→ Councilmember Chelminiak moved to approve staff's recommendation for modifying the loan terms for the City's loan to Pacific Inn Apartments. Councilmember Stokes seconded the motion.

Mr. Stokes recalled when the project was developed and said he is glad to have this affordable housing for downtown workers.

Councilmember Wallace observed that the debt is well secured, as the property is worth more than the debt on it.

Responding to the Mayor, Mr. Sullivan said the average occupancy rate is 90 percent.

→ The motion carried by a vote of 6-0.

15. Executive Session: None.

16. Adjournment

At 9:46 p.m., Mayor Lee declared the meeting adjourned.

Myrna L. Basich, MMC
City Clerk

/kaw